

BEFORE THE PENNSYLVANIA INSURANCE DEPARTMENT

In Re: "Form A" Statement Regarding the :
 Application of Independence Blue Cross :
 to Restructure its Insurance Holding :
 Company System :

Responses of Independence Blue Cross to the
 Pennsylvania Insurance Department's
First Set of Information Requests, dated September 30, 2013

David L. Harbaugh, Esquire
 Morgan, Lewis & Bockius LLP
 1701 Market Street
 Philadelphia, PA 19103-2921
 (215) 963-5751 (direct)
 (877) 432-9652 (facsimile)
 dharbaugh@morganlewis.com

Steven Burgess Davis, Esquire
 Stradley Ronon Stevens & Young, LLP
 2005 Market Street, Suite 2600
 Philadelphia, PA 19103-7018
 (215) 564-8714 (direct)
 (215) 564.8120 (facsimile)
 sdavis@stradley.com

DATED: November 7, 2013

TAB 1

REDACTED

TAB 2

REDACTED

TAB 3

**PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU**

**Articles/Certificate of Division
(15 Pa.C.S.)**

- Business Corporation (§ 1954)
- Non-Profit Corporation (§ 5954)
- Limited Partnership (§ 8579)
- Limited Liability Company (§ 8964)

Name		
Joseph A. Kenney, Jr.		
Address		
Independence Blue Cross, 1901 Market Street		
City	State	Zip Code
Philadelphia, PA		19101

Document will be returned to the name and address you enter to the left.



Fee: \$195 plus \$125 for each additional Entity in excess of one

In compliance with the requirements of the applicable provisions (relating to articles/certificate of division), the undersigned desiring to effect a division, hereby states that:

1. The name of the dividing corporation/limited partnership/limited liability company is:
Independence Blue Cross

2. Check and complete one of the following:

The dividing corporation/limited partnership/limited liability company is a domestic business/nonprofit corporation /limited partnership/limited liability company and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
1901 Market Street	Philadelphia	PA	19101	Philadelphia

(b) Name of Commercial Registered Office Provider _____ County _____
c/o _____

The dividing corporation/limited partnership/limited liability company is a qualified foreign business/nonprofit corporation/limited partnership/limited liability company incorporated/organized under the laws of _____ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County

(b) Name of Commercial Registered Office Provider _____ County _____
c/o _____

The dividing corporation/limited partnership/limited liability company is a nonqualified foreign business/nonprofit corporation/limited partnership/limited liability company incorporated/organized under the laws of _____ and the address of its principal office under the laws of such domiciliary jurisdiction is:

Number and Street	City	State	Zip

3. The statute by or under which it was incorporated/organized is:
The Nonprofit Corporation Law of 1933, Act of May 5, 1033 (P.L. 289, No. 105)

4. The date of its incorporation/organization is:
August 31, 1938

5. Check one of the following:
 The dividing corporation/limited partnership/limited liability company will survive the division.
 The dividing corporation/limited partnership/limited liability company will not survive the division.

6. The name and the address of the registered office in this Commonwealth or name of its commercial registered office provider and the county of venue of each domestic business/nonprofit corporation/limited partnership/limited liability company and qualified foreign business/nonprofit corporation/limited partnership/limited liability company resulting from the division are as follows:

Name	Registered Office Address/Commercial Registered Office Provider	County
Independence Blue Cross,	1901 Market Street, Philadelphia, PA 19103	Philadelphia
[HoldCo #1]	1901 Market Street, Philadelphia, PA 19103	Philadelphia

7. Check, and if appropriate complete, one of the following:
 The plan of division shall be effective upon filing these Articles/Certificate of Division in the Department of State.
 The plan of division shall be effective on: 1/01/2014 at 12:01 am.
Date Hour

Certificate of Division-Limited Partnership/Limited Liability Company: Complete paragraphs 8 and 9

8. The manner in which the plan of division was adopted is as follows:

9. The plan of division is set forth in full in Exhibit A attached hereto and made a part hereof.

Articles of Division-Business and Nonprofit Corporations: complete paragraphs 10 and 11

10. *Check one of the following:*

The dividing corporation is a domestic business/nonprofit corporation and the plan of division was adopted by action of the shareholders (or member) pursuant to 15 Pa.C.S. § 1905 or adopted by action of the members (or shareholders) pursuant to 15 Pa.C.S. § 5905.

The dividing corporation is a domestic business/nonprofit corporation and the plan of division was adopted by action of the directors and shareholders (or members) pursuant to 15 Pa.C.S. §§ 1924(a) and 1952 or adopted by action of the members (or shareholders) pursuant to 15 Pa.C.S. §§ 5924(a) and 5952(c) and (d).

The dividing corporation is a domestic business/nonprofit corporation and the plan of division was adopted by action of the board of directors pursuant to 15 Pa.C.S. § 1953 or §§ 5924(b) and 5952(c) and (d).

11. *Check, and if appropriate complete, one of the following:*

The plan of division is set forth in full in Exhibit A attached hereto and made a part hereof.

Pursuant to 15 Pa.C.S. § 1901/5901 (relating to omission of certain provisions from filed plans) the provisions, if any, of the plan of division that amends or constitutes the operative provisions of the Articles of Incorporation of the resulting corporations as in effect subsequent to the effective date of the plan are set forth in full in Exhibit A attached hereto and made a party hereof. The full text of the plan of division is on file at the principal place of business of the resulting corporation, the name and address of which is.

Name of Resulting Corporation	Number and street	City	State	Zip	County
-------------------------------	-------------------	------	-------	-----	--------

IN TESTIMONY WHEREOF, the undersigned has caused these Articles/Certificate of Division to be signed by a duly authorized officer/general partner/member or manager thereof this

_____ day of _____,

_____.

Independence Blue Cross

Name of Corporation/Limited Partnership/Limited Liability Company

Signature

Vice President and Deputy General Counsel

Title

TAB 4

REDACTED

TAB 6

INTER-COMPANY AGREEMENTS

	TYPE OF AGREEMENT	PARTIES TO AGREEMENT	DATE	RETAIN	TERMINATE	AMEND
1	Administrative Services Agreement	Independence Blue Cross & Vista Health Plan, Inc.	3/1/2004	X		
2	Administrative Services Agreement	Independence Healthcare Management, Inc. & Vista Health Plan, Inc.	3/1/2004		X	
3	Administrative Services Agreement	Keystone Benefits, Inc. & Vista Health Plan, Inc.	3/1/2004		X	
4	Administrative Services Agreement	Keystone Health Plan East, Inc. & Vista Health Plan, Inc.	3/1/2004		X	
5	Administrative Services Agreement	AmeriHealth, Inc. & Vista Health Plan, Inc.	3/1/2004		X	
6	Administrative Services Agreement	AmeriHealth HMO, Inc. & Vista Health Plan, Inc.	3/1/2004		X	
7	Administrative Services Agreement	AmeriHealth HMO, Inc. & Keystone Health Systems, Inc.	10/1/2001		X	
8	Administrative Services Agreement	AmeriHealth HMO, Inc. & Keystone Health Plan East, Inc.	10/1/2001	X		
9	Administrative Services Agreement	AmeriHealth HMO, Inc. & Healthcare Delaware, Inc.	10/1/2001		X	
10	Administrative Services Agreement	AmeriHealth HMO, Inc. & QCC Insurance Company	10/1/2001	X		
11	Administrative Services Agreement	AmeriHealth HMO, Inc. & AmeriHealth, Inc.	10/1/2001		X	
12	Administrative Services Agreement	Keystone Health Plan East, Inc. & Keystone Health Systems, Inc.	3/22/1994		X	
13	Administrative Services Agreement	Keystone Health Plan East, Inc. & QCC Insurance Company	1/1/1993	X		

INTER-COMPANY AGREEMENTS

	TYPE OF AGREEMENT	PARTIES TO AGREEMENT	DATE	RETAIN	TERMINATE	AMEND
14	Administrative Services Agreement	Keystone Health Plan East, Inc. & AmeriHealth, Inc.	1/1/1993		X	
15	Administrative Services Agreement Addendum	Independence Blue Cross & Subscribing Affiliates	1/1/2001	X		
16	Administrative Services Agreement	QCC Insurance Company & Independence Healthcare Management	1/1/2000		X	
17	Administrative Services Agreement	Independence Blue Cross & QCC Insurance Company	1/1/1993	X		
18	Administrative Services Agreement	Independence Blue Cross & AmeriHealth HMO, Inc.	10/1/2001	X		
19	Administrative Services Agreement	Independence Blue Cross & Keystone Health Systems, Inc.	3/22/1994		X	
20	Administrative Services Agreement	Independence Workers Compensation Management, Inc. & Keystone Health Plan East, Inc.	1/1/1993		X	
21	Administrative Services Agreement	AmeriHealth Integrated Benefits, Inc. & AmeriHealth HMO, Inc.	10/1/2001		X	
22	Administrative Services Agreement	AmeriHealth Insurance Company of New Jersey & QCC Insurance Company & AmeriHealth, Inc.	2/21/2003	X		
23	Administrative Services Agreement	Q-Care Insurance Company & AmeriHealth Administrators	1/1/1993		X	
24	Administrative Services Agreement	AmeriHealth Administrators & Keystone Health Plan East, Inc.	1/1/1993	X		

INTER-COMPANY AGREEMENTS

	TYPE OF AGREEMENT	PARTIES TO AGREEMENT	DATE	RETAIN	TERMINATE	AMEND
25	Administrative Services Agreement	AmeriHealth Integrated Benefits, Inc. & QCC Insurance Company	1/1/1993		X	
26	Administrative Services Agreement	QCC Insurance Company & Vista Health Plan, Inc.	1/1/1993		X	
27	Administrative Services Agreement	Independence Healthcare Management, Inc. & AmeriHealth HMO, Inc.	1/1/2000		X	
28	Administrative Services Agreement	Independence Healthcare Management, Inc. & Keystone Health Plan East, Inc.	1/1/2000		X	
29	Administrative Services Agreement	IBC/PBS Caring Foundation for Children & Keystone Health Plan East, Inc.	1/1/1993	X		
30	Administrative Services Agreement	QCC Insurance Company d/b/a BCBS U.S. Virgin Islands & La Cruz Azul de Puerto Rico	4/1/1998		X	
31	Premium Sharing Agreement	Keystone Health Plan East, Inc. & AmeriHealth HMO, Inc.	10/1/2004	X		
32	Treasury Services Agreement	Listed Participating Affiliates	1/1/1999			X
33	Pension Funding Agreement	Listed Participating Affiliates	1/1/2007			X
34	Tax Sharing Agreement	Listed Participating Affiliates	2/1/2001			X
35	Affiliate Credit Agreement	Listed Participating Affiliates	12/19/2007			X
36	Administrative Services Agreement	Independence Blue Cross to Keystone Health Plan East, Inc.	1/1/1993	X		
37	Administrative Services Agreement	Independence Blue Cross & AmeriHealth Insurance Company of New Jersey	2/21/2003	X		
38	Administrative Services Agreement	Inter-County Hospitalization Plan Inc., Inter-County Health Plan, Inc. & AmeriHealth Administrators, Inc.	2/12/1993	X		

INTER-COMPANY AGREEMENTS

	TYPE OF AGREEMENT	PARTIES TO AGREEMENT	DATE	RETAIN	TERMINATE	AMEND
39	Administrative Services Agreement	Inter-County Hospitalization Plan Inc, Inter-County Health Plan, Inc. & Independence Blue Cross	1/1/1993	X		
40	Surplus Notes	Inter-County Hospitalization Plan Inc. and Inter-County Health Plan, Inc. to Independence Blue Cross	12/31/2012	X		
41	Network Access Agreement	Inter-County Health Plan, Inc. & AmeriHealth Administrators, Inc.		X		
42	Reinsurance Agreement	Inter-County Hospitalization Plan Inc. & Independence Blue Cross	1/1/1994	X		
43	Reinsurance Agreement	AmeriHealth HMO, Inc. & AmeriHealth Insurance Company of New Jersey, Inc.	5/1/1996	X		
44	Reinsurance Agreement	QCC Insurance Company & AmeriHealth Casualty Insurance Company	9/1/2000	X		
45	Stop Loss Reinsurance Agreement	AmeriHealth HMO, Inc. & QCC Insurance Company	1/1/2005	X		
46	Stop Loss Reinsurance Agreement	AmeriHealth Insurance Company of New Jersey, Inc. & QCC Insurance Company	1/1/2005	X		
47	Amended and Restated IDS Agreement	Amerihealth Northeast LLC & Vista Health Plan, Inc.	12/3/2012	X		
48	IDS Agreement	Vista Health Plan, Inc. & Keystone Family Health Plan	3/1/2013	X		
49	IDS Agreement (SNP)	Vista Health Plan, Inc. & Keystone Family Health Plan	1/1/2013	X		
50	IDS Agreement	Vista Health Plan, Inc. & AmeriHealth Caritas Health Plan	3/1/2013	X		

INTER-COMPANY AGREEMENTS

	TYPE OF AGREEMENT	PARTIES TO AGREEMENT	DATE	RETAIN	TERMINATE	AMEND
51	IDS Agreement (SNP)	Vista Health Plan, Inc. & AmeriHealth Caritas Health Plan Vista Health Plan, Inc.	1/1/2013	X		
52	Administrative Services Agreement	AmeriHealth Caritas Health Plan & Keystone Family Health Plan	1/1/2013	X		
54	Replacement Coverage and Services Agreement	Independence Blue Cross & Vista Health Plan, Inc..	7/9/2004		X	
55	Parental Guaranty	Independence Blue Cross & Vista Health Plan, Inc.	7/1/2004		X	

TAB 7

INDEPENDENCE BLUE CROSS
AMENDED AND RESTATED BYLAWS

(Effective January 1, 2014)

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I — SUBSCRIBERS	1
1.01 Definition of Subscriber.....	1
1.02 Definition of Subsidiary.....	1
ARTICLE II — MEETINGS OF SUBSCRIBERS	1
2.01 Place of and Conduct of Meeting.....	1
2.02 Special Meetings.....	1
2.03 Notice of Special Meetings.....	2
2.04 Notice of Special Meetings to Contain Proxies.....	2
2.05 Quorum at Subscriber Meetings.....	3
2.06 Conduct of Subscriber Meetings.....	3
2.07 Voting at Special Meetings.....	3
2.08 Voting Lists for Special Meetings.....	4
2.09 Judges of Voting for Special Meetings.....	4
2.10 Determination of Subscribers of Record for the Special Meetings.....	5
ARTICLE III — MEMBER AND MANNER OF ACTING	5
3.01 Member.....	5
3.02 Manner of Acting.....	5
ARTICLE IV — BOARD OF DIRECTORS	5
4.01 Powers and Personal Liability of Directors.....	5
4.02 Qualifications.....	6
4.03 Number and Term of Office.....	8
4.04 Nominations of Elective Directors.....	8
4.05 Substitute Nominations.....	9
4.06 Appointment of Appointed Directors.....	9
4.07 Election of Elective Directors.....	10
4.08 Chairman; Vice Chairman, Etc.....	10
4.09 Resignation.....	10
4.10 Removal of Directors.....	11
4.11 Vacancies.....	12
4.12 Organization Meeting.....	12

4.13	Regular Meetings	12
4.14	Special Meetings	13
4.15	Quorum and Manner of Acting	13
4.16	Standing Board Committees	13
4.17	Committee Term	14
4.18	Special Committees	14
4.19	Quorum for Committee Meetings	14
4.20	Committee Action by Unanimous Written Consent	14
4.21	Removal of Committee Members	14
4.22	Vacancies on Committees	14
4.23	Executive Committee	15
4.24	Interested Directors or Officers; Quorum	15
ARTICLE V — NOTICE-WAIVERS-MEETINGS		16
5.01	Notice, What Constitutes	16
5.02	Waivers of Notice	16
5.03	Exception to Requirement of Notice.....	16
5.04	Conference Telephone Meetings	17
ARTICLE VI — OFFICERS		17
6.01	Principal Officers	17
6.02	Subordinate Officers and Agents	18
6.03	Removal of Officers.....	18
6.04	Vacancies	18
6.05	General Powers	18
6.06	President and Chief Executive Officer	18
6.07	Executive Vice Presidents and Senior Vice Presidents	19
6.08	Chief Financial Officer	19
6.09	Secretary	19
6.10	Compensation	20
ARTICLE VII — CONTRACTS, LOANS, CHECKS, DEPOSITS AND INVESTMENTS		20
7.01	Contracts	20
7.02	Loans.....	20
7.03	Checks.....	20

7.04	Deposits.....	20
7.05	Investments	21
ARTICLE VIII — INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHER AUTHORIZED REPRESENTATIVES		21
8.01	Scope of Indemnification.....	21
8.02	Proceedings Initiated by Indemnified Representatives.....	22
8.03	Advancing Expenses.....	23
8.04	Securing of Indemnification Obligations.....	23
8.05	Payment of Indemnification.....	23
8.06	Arbitration.....	24
8.07	Contribution	24
8.08	Mandatory Indemnification of Directors, Officers, Employees and Agents	24
8.09	Contract Rights; Amendment or Repeal	25
8.10	Scope of Article	25
8.11	Reliance on Provisions.....	25
8.12	Interpretation.....	25
ARTICLE IX — MISCELLANEOUS		25
9.01	Description of Seal.....	25
9.02	Conflict of Interest Procedure	25
ARTICLE X — FUNDAMENTAL CHANGES; AMENDMENTS		26
10.01	Subscriber Initiated Action	26
10.02	Action Requiring Approval.....	26
10.03	Amendments to Bylaws by Board	26

ARTICLE I— SUBSCRIBERS

1.01 Definition of Subscriber

For the purposes of these Bylaws and Articles VI and VII of the Articles of Incorporation of this Corporation, the term “subscriber” shall mean any individual 18 years of age or over who:

- (a) has a health insurance agreement in force in his/her name or group identification card bearing his/her name issued by or on behalf of the Corporation or any Subsidiary of the Corporation; or
- (b) is entitled to benefits under a group contract with the Corporation or any Subsidiary of the Corporation which provides coverage for all such persons in that group without specifying individual names; or
- (c) is entitled to benefits as an eligible dependent of a person described in subsections (a) or (b) of this Section.

1.02 Definition of Subsidiary.

For the purposes of these Bylaws, the terms “Subsidiary” shall mean any corporation, limited liability company, partnership or other entity wholly owned, directly or indirectly, by the Corporation, or with respect to which the Corporation has the power, directly or indirectly, through voting securities or otherwise, to elect a majority of the members of the board of directors or other governing body of such entity.

ARTICLE II— MEETINGS OF SUBSCRIBERS

2.01 Place of and Conduct of Meeting.

All meetings of the subscribers shall be held at such place within the City of Philadelphia as is designated in the notice of such meeting by the person authorized by these Bylaws to give such notice. At the commencement of each meeting, the presiding officer of the meeting shall call the meeting to order and briefly state the purpose of the meeting.

2.02 Special Meetings.

- (a) Special meetings of the subscribers may be held for any purpose or purposes provided for in Section 4.10(c) of these Bylaws and may be called at any time by the President and Chief Executive Officer, by the Board of Directors of the Corporation (the “Board of Directors” or the “Board”), or by petition of 5% of the subscribers. The subscribers’ petition for such a special meeting shall include

the subscription number or other equivalent health insurance identification number of every subscriber who signs such petition and shall state the purpose of the meeting.

- (b) At any time, upon written request of any person or persons who have duly called a special meeting, it shall be the duty of the Secretary to fix the date of the meeting to be held at such date and time as the Secretary may fix, not less than ten nor more than sixty days after the receipt of the request, and to give due notice thereof.

2.03 Notice of Special Meetings.

- (a) The Secretary shall mail notice of every special meeting of subscribers to each subscriber whose address is listed on the records of the Corporation or its Subsidiaries. Where the address of a subscriber is not so listed, the Secretary shall mail or deliver such notice to the group leader of the group to which such subscriber belongs, and shall make a diligent effort to ensure that the group leader (1) is provided with a copy of the notice for distribution to the subscriber, and (2) is encouraged to distribute such copy to the subscriber promptly after receipt thereof. The Secretary may use, under this Section, any class of mail which the Secretary reasonably believes will result in the delivery of substantially all mailed matter to the addresses thereof at least thirty days prior to the day named for the meeting.
- (b) Every notice of a meeting of subscribers shall state briefly the purpose or purposes thereof, and no business, other than that specified in such notice and matters germane thereto, shall be transacted at any meeting without further notice to subscribers not present. Whenever the language of a proposed resolution is included in a notice of a meeting of subscribers, the resolution may be adopted at such meeting, with such clarifying or other Amendments as do not enlarge its original purpose, without further notice to subscribers not present.

2.04 Notice of Special Meetings to Contain Proxies.

Notice of special meetings of subscribers sent by mail shall contain a form of proxy which a subscriber who will be absent from such meeting may use. The proxy shall be signed by such subscriber, and shall include his/her subscription number or other equivalent health insurance identification number. The proxy agents named in the body of such proxy form shall be three persons selected by the Board of Directors. If proxy agents are not so selected within twenty days prior to such mailing and publication, the Chairman of the Board may name such proxy agents.

2.05 Quorum at Subscriber Meetings.

The presence in person of 10% of the subscribers at any meeting of subscribers shall constitute a quorum for such meeting.

2.06 Conduct of Subscriber Meetings.

At every meeting of the subscribers, the Chairman of the Board, or in the case of vacancy in office or absence of the Chairman, one of the following officers present in the order stated: The Vice Chairman of the Board (or if more than one, the Vice Chairmen in their order of longest service on the Board), the President and Chief Executive Officer, an Executive Vice President, a Senior Vice President, or a Chairman chosen by a majority of the subscribers present shall act as presiding officer; and the Secretary or, in his/her absence, an Assistant Secretary or in the absence of both the Secretary and Assistant Secretary(s), a person appointed by the presiding officer, shall act as Secretary.

2.07 Voting at Special Meetings.

- (a) Every subscriber shall be entitled to one vote at every special meeting of subscribers. The vote by subscribers shall be by ballot unless otherwise determined by the presiding officer. For the purpose of voting by subscribers, the person presiding may require that each subscriber include his/her name and his/her subscription number or other equivalent health insurance identification number on his/her ballot.
- (b) Every subscriber entitled to vote at a special meeting of subscribers may authorize another person or persons to act for him/her by proxy; and every reference in these Bylaws to the presence or vote of or action by a subscriber shall include the presence or vote of or action taken by a proxy agent of a subscriber. Every proxy shall be executed in writing by the subscriber and shall include his/her name and his/her subscription number or other equivalent health insurance number. No proxy shall be valid unless delivered to the Executive Offices of the Corporation, 1901 Market Street, Philadelphia, Pennsylvania 19103, Attention: Corporate Secretary, not later than 4:30 p.m. on the seventh business day preceding the special meeting. A proxy shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of the proxy shall not be effective until written notice thereof has been given to the Secretary of the Corporation. No unrevoked proxy shall be valid after eleven months from the date of its execution. A proxy shall not be revoked by the death or incapacity of the maker, unless, before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary of the Corporation. A subscriber shall not

sell his/her vote or execute a proxy to any person for any sum of money or anything of value.

2.08 Voting Lists for Special Meetings.

Whenever it is necessary under these Bylaws to determine the total number of subscribers as of a specific date, such question shall be determined by the Secretary of the Corporation, whose determination shall be conclusive. For the purpose of subscriber petitions under Section 2.02 of this Article and Article IX of these Bylaws, the total number of subscribers shall be determined by the Secretary, at his/her election, either as of the date of the filing of the petition or as of any other date selected by the Secretary within sixteen days prior to or after the date of such filing.

2.09 Judges of Voting for Special Meetings.

- (a) In advance of any special meeting of subscribers, the Board of Directors may appoint one or three judges of voting, who may, but need not, be subscribers, to act at the special meeting. If judges of voting are not so appointed, the presiding officer of the special meeting may, and upon the demand of any subscriber at the meeting and before voting begins shall, appoint one or three judges of voting. No person who is a salaried employee of the Corporation or of a Subsidiary shall act as a judge. In case any person appointed as judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the special meeting, or at the specific meeting by the presiding officer of the special meeting.
- (b) If judges of voting are appointed as aforesaid, they shall determine the number of subscribers present at the special meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to conduct the vote with fairness to all subscribers. The judges of voting shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical. If there are three judges of voting, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.
- (c) On request of the presiding officer of the meeting or of any subscriber, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them.

2.10 Determination of Subscribers of Record for the Special Meetings.

The Board of Directors may fix a time, not more than seventy days prior to the date of any special meeting of subscribers as a record date for the determination of the subscribers entitled to notice of, or to vote at, any such special meeting, and in such case, if otherwise entitled, only subscribers of record on the date so fixed and no others, shall be entitled to notice of, or to vote at, such special meeting, notwithstanding any increase or other change in the number of subscribers after any such record date fixed as aforesaid. Except as otherwise provided by Section 2.08, the Board of Directors may similarly fix a record date for the determination of subscribers of record for any other purpose. If no record date is fixed:

- (a) The record date for determining subscribers entitled to notice of or to vote at a special meeting of subscribers shall be at the close of business on the day next preceding the date on which notice is given.
- (b) The record date for determining subscribers for any other purpose shall be at the close of business on the date on which the Board of Directors adopts the resolution relating thereto.

ARTICLE III— Member and Manner of Acting

3.01 Member

The Corporation is a membership corporation, as such term is defined by Section 5103 of the Pennsylvania Nonprofit Corporation Law of 1988 (the "Act"), and, as set forth in the Articles of Incorporation, the Corporation has a single member (the "Member").

3.02 Manner of Acting.

Any action which may be taken by the Member pursuant to the Articles of Incorporation of the Corporation, the Act, or these Bylaws may be taken by the Member if a written consent setting forth the action so taken shall be signed by the Member and filed with the Secretary of the Corporation.

ARTICLE IV— Board of Directors

4.01 Powers and Personal Liability of Directors.

- (a) The Board of Directors shall have full power to conduct and direct the business and affairs of the Corporation, and all powers of the Corporation, except those specifically reserved or granted to the

subscribers by statute or by the Articles of Incorporation or these Bylaws, are hereby granted to and vested in the Board of Directors.

- (b) A director of the Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless the director has breached or failed to perform the duties of his/her office under 15 Pa. C.S. Subchapter 57B and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this subsection shall not apply to the responsibility or liability of a director pursuant to any criminal statute or the liability of a director for the payment of taxes pursuant to local, state or Federal law.

4.02 Qualifications.

- (a) Each director of the Corporation shall be a natural person of at least 18 years of age and a subscriber, as defined in Section 1.01, or a subscriber or member of another Blue Cross organization, residing within the area served by the Corporation or any of its Subsidiaries, but need not be a resident of Pennsylvania. No person shall be eligible for election or appointment to the Board of Directors or to continue as a director who is a provider of services or an employee, board member, trustee, or partner of a provider of services that the Company or any of its Subsidiaries contracts with or may contract with for the provision of services to its subscribers and eligible dependents; provided, however, that the foregoing restriction shall not apply to persons who were serving on the Board as of May 1, 2009. For purposes of this Section the term "provider of services" does not include a Subsidiary, affiliate or joint venture of the Corporation, but includes, but is not limited to, hospitals and other health care facilities, physicians and other licensed health care professionals, ancillary health services providers, behavioral health management companies, pharmaceutical manufacturers, pharmaceutical benefit management companies, utilization, case and disease management companies and other entities which provide and/or administer health care related services.
- (b) A person who is, or has ever been, subject to an order of a court or the Securities and Exchange Commission prohibiting such person from acting as an officer or director of a public company, shall not be eligible to serve as a director of the Corporation.
- (c) If nominations have been called for as provided in these Bylaws, only candidates who have been nominated in accordance with these Bylaws shall be eligible for election.

- (d) At least a majority of the Board of Directors shall be “independent” directors. An “independent” director is a director with respect to whom the Governance Committee has affirmatively determined that such director has no material relationship with the Corporation or a Subsidiary (other than as a director). A director shall not be deemed independent if:
- (i) The director is, or within the prior twelve months has been, an employee of the Corporation or a Subsidiary, or an immediate family member is, or within the prior twelve months has been, an officer of the Corporation or a Subsidiary.
 - (ii) The director has received, or an immediate family member of the director has received, during the prior twelve months, more than the “compensation limit” (as defined below) in direct compensation from the Corporation and its Subsidiaries, other than Board fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent upon continued service).
 - (iii) The director or an immediate family member of the director is a director, officer or owner of more than a 5% interest in another company which during the current or past fiscal year of the Corporation received payments from the Corporation and its Subsidiaries that exceed in the aggregate the “contract limit” (as defined below).
 - (iv) The director or an immediate family member of the director is, or within the prior twelve months was, a partner, shareholder or equity member of a firm that acts as the Corporation’s internal or external auditor, or the director is an employee of such a firm.

For the purposes of this Section 3.02(d):

“immediate family member” shall mean a person’s spouse, parents, children and siblings;

“compensation limit” shall mean such amount as may be determined by the Board from time to time as the “compensation limit;” and

“contract limit” shall mean such amount as may be determined by the Board from time to time as the “contract limit.”

4.03 Number and Term of Office.

- (a) The Board of Directors shall consist of (i) such number of Elective Directors as the Member shall determine from time to time (but not less than 15 nor more than 27), (ii) seven Appointed Directors, and (iii) the ex officio member provided for in subsection (d) of this section.
- (b) Except as provided in subsection (c) of this Section or in Section 3.10(c), each Appointed or Elective Director shall serve for a term of three years following his/her appointment or election and until his/her successor shall have been appointed or elected and qualified, or until his/her earlier death, resignation or removal.
- (c) The terms of Elective Directors shall be so staggered that each class of Elective Directors shall be as nearly equal in number as possible.
- (d) The President and Chief Executive Officer shall be an ex officio member of the Board of Directors who shall have the right to vote.

4.04 Nominations of Elective Directors.

The Elective Directors shall be nominated in the following manner:

- (a) Nominations for election to the Board as Elective Directors shall be made by the Governance Committee. Not later than March 1 of each year, the Governance Committee shall notify the Secretary of the names of its nominees. Subscribers and the Member may also nominate candidates for election to the Board as Elective Directors as provided in subsection (b) and (c) of this Section 4.04.
- (b) Nominations of persons for election to the Board may be submitted by subscribers in writing by delivery to the Executive Offices of the Corporation, 1901 Market Street, Philadelphia, Pennsylvania 19103, Attention: Corporate Secretary, to be received no later than 4:30 p.m. on the January 15 preceding the date scheduled for the meeting of the Board at which Elective Directors are to be elected. Each such nomination shall be in the form of a petition signed by at least three hundred subscribers, shall contain the name of such nominee and shall include a statement that the nominee is eligible to serve as an Elective Director under the Bylaws, together with the subscription numbers or other equivalent health insurance identification numbers of the nominee and of all the subscribers who signed the petition. Endorsed on or accompanying the petition shall be the written acceptance of nomination by the nominee. A subscriber may sign as many nominating petitions as there are

directors to be elected. Promptly following the receipt by the Secretary of any nominating petition that meets the requirements of this subsection (b) of this Section 4.04, the Secretary shall deliver a copy of the nominating petition to the Chairman of the Governance Committee and advise him or her of the names of the persons so nominated.

- (c) Nominations for election to the Board as Elective Directors may be made by the Member at any time by notifying the Secretary of the names of its nominees. Promptly following the receipt by the Secretary of any nomination pursuant to this subsection (c) of this Section 4.04, the Secretary shall deliver a copy of the nomination to the Chairman of the Governance Committee and advise him or her of the names of the persons so nominated.

4.05 Substitute Nominations.

The Governance Committee, at any time before the commencement of voting for the election of Elective Directors, may substitute another candidate for any candidate nominated by the Governance Committee who for any reason shall be unavailable for election.

4.06 Appointment of Appointed Directors.

The Appointed Directors shall be appointed in the following manner:

- (a) Every three years (commencing in 1979), the Chairman of the County Council of Delaware County, Pennsylvania and the Chairman of the respective Boards of Commissioners of Chester and Montgomery Counties, Pennsylvania shall each have the right to appoint one qualified person to the office of Appointed Director. Every three years (commencing in 1980), the President of the Philadelphia City Council and the Chairman of the Board of Commissioners of Bucks County, Pennsylvania shall each have the right to appoint one qualified person to the office of Appointed Director. Every three years (commencing in 1981), the Governor of the Commonwealth of Pennsylvania and the Mayor of the City of Philadelphia shall each have the right to appoint one qualified person to the office of Appointed Director.
- (b) On or before the first Monday in February, the Secretary shall notify the Public Officials specified in subsection (a) of this Section of their right to appoint a person to the office of Appointed Director and shall fix in such notice a date, which shall not be less than three weeks after the giving of such notice, by which the appointment of qualified persons by such Public Officials shall be made and delivered in writing to the Chairman of the Corporation.

4.07 Election of Elective Directors.

Elective Directors shall be elected by the Member in the manner provided in this Section 4.07. Only those persons nominated by the Governance Committee, the subscribers, or the Member, in each case, in accordance with Section 4.04 shall be eligible for election to the Board as Elective Directors. The Member shall elect each Elective Director from among such nominees.

4.08 Chairman; Vice Chairman, Etc.

- (a) The Chairman of the Board shall be elected annually by the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and of the subscribers.
- (b) One or two Vice Chairmen of the Board shall be elected annually by the Board. In the absence of the Chairman, or in the event of his/her inability or refusal to act, the Vice Chairman (or if more than one, the Vice Chairman having the longest service on the Board) shall exercise all the powers and perform all duties of the Chairman.
- (c) No Principal Officer of the Corporation (as defined in Section 5.01) shall be eligible to serve as Chairman or Vice Chairman.
- (d) At every meeting of the Board of Directors, the Chairman of the Board or, in the case of a vacancy in the office or absence of the Chairman, one of the following officers present in the order stated: the Vice Chairman of the Board (or if more than one, the Vice Chairmen in their order of longest service on the Board), the President and Chief Executive Officer, or a Chairman chosen by a majority of the directors present, shall preside; and the Secretary or, in his/her absence, an Assistant Secretary, or in the absence of the Secretary and the Assistant Secretary(s), any person appointed by the Chairman of the meeting shall act as Secretary.

4.09 Resignation.

Any director of the Corporation may resign at any time by giving written notice to the Secretary of the Corporation. Such resignation shall take effect at the date of the receipt of such notice or at any time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.10 Removal of Directors.

- (a) The Board of Directors or the Member may remove any Appointed Director from his or her position as a member of the Board of

Directors by providing written notice of such removal to the Secretary:

- (1) If such Appointed Director is declared of unsound mind by an order of court, or convicted of a felony, or for any other proper cause;
 - (2) If within sixty days after the notice of such Appointed Director's election, he/she does not accept such office either in writing or by attending a meeting of the Board of Directors;
 - (3) If such Appointed Director shall have absented himself/herself from three successive meetings and no satisfactory explanation of such absence shall have been made to the Board;
 - (4) If such Appointed Director becomes disqualified pursuant to Section 4.02 of this Article; or
 - (5) If such Appointed Director who is employed by the Corporation ceases to be employed by the Corporation.
- (b) The Member may remove any Elective Director from his or her position as a member of the Board of Directors at any time with or without cause or good reason.
- (c) At any special meeting of subscribers called, pursuant to Section 2.02 of the Bylaws, for the purpose of removing directors, the entire Board of Directors, or any individual director, may be removed from office, without assigning any cause by a majority vote of those present in person or by proxy and voting.
- (d) The office of any Appointed Director who was appointed by a public official pursuant to Section 4.06(a) may be declared vacant by the Board of Directors or the Member at the end of the first or second year of his/her term upon the receipt of a written notice from the public official responsible for that nomination requesting that the Board declare the office vacant. If any public official shall fail initially to appoint an individual in accordance with Section 4.06(a), then such position may be declared vacant by the Board of Directors or the Member. Any such vacancies shall be filled pursuant to Section 4.11(b).

4.11 Vacancies.

- (a) Any vacancy or vacancies in the office of Elective Director caused by death, resignation, removal, disqualification, an increase in the

number of directors, or any other cause, may be filled by an individual selected by the Member pursuant to Section 4.07.

- (b) If a vacancy occurs by reason of the death, resignation, failure to appoint, or removal of a director appointed by a public official designated in Section 3.06(a) of this Article, the vacancy shall be filled by a qualified person or persons appointed in writing by such public official.
- (c) Directors appointed or elected to fill interim vacancies shall continue in office of the unexpired portion of the term and until their successors shall have been appointed or elected and qualified, or until their earlier death, resignation or removal.

4.12 Organization Meeting.

Following each annual election of directors, the Board of Directors shall meet for the purpose of organization, the election of the Chairman and Vice Chairman or Vice Chairmen, the election of Principal Officers and the transaction of other business. Such organization meeting shall be held at such time and place which shall be specified in a notice given as hereinafter provided for meetings of the Board of Directors.

4.13 Regular Meetings.

Regular meetings of the Board of Directors shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors. If the date fixed for any such regular meeting is a legal holiday under the laws of the state where such meeting is to be held, then the meeting shall be held on the next succeeding business day, not a Saturday, or at such other time as may be determined by resolution of the Board of Directors. At such meeting, the directors shall transact such business as may properly be brought before the meeting. Notice of regular meetings need not be given unless required by law or these Bylaws.

4.14 Special Meetings.

Special meetings of the Board of Directors shall be held whenever called by the Chairman, by the Vice Chairman (or if more than one, by either of the Vice Chairmen), or by the President and Chief Executive Officer. Notice of each such meeting shall be given to each director by telephone or in writing (which may be in the form of an electronic notice). Such notice shall be given at least twenty-four hours (in the case of telephonic or written electronic notice) or five days (in the case of written notice by mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting.

Notice of any meeting of the Board of Directors during any emergency resulting from warlike damage, or an attack on the United States, or any nuclear or atomic disaster, shall be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication or radio. To the extent required to constitute a quorum at any meeting of the Board of Directors during such an emergency the officers of the Corporation who are present shall be deemed, in order of their rank as determined from time to time by the Board of Directors, directors for such meeting.

4.15 Quorum and Manner of Acting.

- (a) In order to constitute a quorum for the transaction of business at least a majority of the Elective Directors shall be present at a meeting of the Board. Except as otherwise specified in the Articles or these Bylaws or provided by statute, the acts of a majority of the organized meeting shall be the acts of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum is present.
- (b) Any action which may be taken at a meeting of the Board may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the directors in office and filed with the Secretary of the Corporation.

4.16 Standing Board Committees.

The Board of Directors shall have an Executive Committee, an Audit Committee, a Finance Committee, a Governance Committee, a Human Resources Committee, a Minority Employment and Contracting Committee, and a Consumer and Public Affairs Committee, and the Board of Directors may establish such other standing committees as it deems to be necessary or desirable (the "Standing Board Committees"). All Standing Board Committees shall be comprised solely of Directors and shall have charters governing their powers and duties, which charters shall be approved by the Board of Directors. Only directors who qualify as independent directors (as defined in Section 3.02) shall

be eligible to serve as the members of the Audit Committee, the Governance Committee or the Human Resources Committee. The chairman and the members of each Standing Board Committee shall be appointed by the Chairman, with the approval of the Board of Directors. The Chairman shall be an ex officio member of each Standing Board Committee.

4.17 Committee Term.

Except as otherwise provided in any resolutions establishing any Standing Board Committee, each member of a Standing Board Committee shall continue as such until the next annual organizational meeting of the Board of Directors and until a successor has been appointed as provided herein, unless such person resigns, is removed or otherwise ceases to serve thereon for any reason.

4.18 Special Committees.

The Chairman, with the approval of the Board of Directors, may establish one or more special committees. The chairman and the members of each special committee shall be appointed by the Chairman, with the approval of the Board of Directors.

4.19 Quorum for Committee Meetings.

Except as otherwise provided in the charter governing any such committee, a majority of the members comprising any committee created by or pursuant to this Article IV shall constitute a quorum for the transaction of business, and the acts of a majority of committee members present at a meeting at which a quorum is present shall constitute the acts of the committee, unless a greater proportion is required by applicable law, the Articles of Incorporation or these Bylaws.

4.20 Committee Action by Unanimous Written Consent.

Except as otherwise provided in the charter governing any such committee, any action which may be taken at a meeting of any committee created by or pursuant to this Article IV may be taken without a meeting if a consent or consents in writing setting forth the action so taken shall be signed by all of the members of such committee in office and filed with the Secretary of the Corporation.

4.21 Removal of Committee Members.

Any member of a Standing Board Committee or special committee of the Board of Directors may be removed at any time, with or without cause, by the Chairman, upon consultation with the chairman of the Governance Committee and with the approval of the Board of Directors.

4.22 Vacancies on Committees.

Any vacancy in the membership of any Standing Board Committee or special committee of the Board of Directors caused by the death, resignation or removal of a Director prior to the expiration of that Director's term may be filled by another Director selected by the Chairman, with the approval of the Board of Directors.

4.23 Executive Committee.

The Executive Committee shall consist of the chairmen of each of the Standing Board Committees, together with such other Directors as the Chairman may appoint, with the approval of the Board of Directors. The Executive Committee shall have and may exercise all of the powers and authority of the Board in the management of the business and affairs of the Corporation, except that the Executive Committee shall not have any power or authority as to the following:

- (a) The creation or filling of vacancies on the Board.
- (b) The adoption, amendment or repeal of the Bylaws.
- (c) The amendment or repeal of any resolution of the Board that by its terms is amendable or repealable only by the Board.
- (d) Action on matters committed by the Bylaws or a resolution of the Board exclusively to another committee of the Board.

4.24 Interested Directors or Officers; Quorum.

- (a) No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because the director or officer is present at or participates in the meeting of the Board which authorizes the contract or transaction, or solely because his/her or their votes are counted for such purpose, if:
 - (1) The material facts as to his/her relationship or interest and as to the contract or transaction are disclosed to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or
 - (2) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors.

- (b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes a contract or transaction specified in this Section 4.24.

ARTICLE V — NOTICE-WAIVERS-MEETINGS

5.01 Notice, What Constitutes.

- (a) Except as otherwise provided in these Bylaws, whenever written notice is required to be given to any person under the provisions of the Articles, these Bylaws, or applicable law, it may be given to such person, either personally or by sending a copy thereof through the mail, or by electronic transmission, to his/her address appearing on the books of the Corporation (or its Subsidiaries, as the case may be), or in the case of directors, supplied by him/her to the Corporation for the purpose of notice. If the notice is sent by mail, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail. A notice of a meeting shall specify the place, day and hour of the meeting.
- (b) When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business as to be transacted at such meeting, other than by announcement at the meeting at which such adjournment is taken.

5.02 Waivers of Notice.

- (a) Whenever any written notice is required to be given under the provisions of the Articles, these Bylaws, or applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of subscribers, neither the business to be transacted at, nor the purpose of the meeting need be specified in the waiver of notice of such meeting.
- (b) Attendance of a person at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

5.03 Exception to Requirement of Notice.

Wherever any notice or communication is required to be given to any person under the provisions of the Articles, these Bylaws, or applicable law, or by the terms of any agreement or other instrument or as a condition precedent to taking

any corporate action and communication with such person is then unlawful, the giving of such notice or communication to such person shall not be required and there shall be no duty to apply for a license or other permission to do so.

5.04 Conference Telephone Meetings.

Except in cases where the Board of Directors or the Chairman has determined that telephone participation will not be permitted and notice of such determination has been given to the members of the Board, or the members of the Committee, as the case may be, one or more directors may participate in a meeting of the Board, or a committee of the Board, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

ARTICLE VI — OFFICERS

6.01 Principal Officers.

- (a) The Principal Officers of the Corporation shall be a President and Chief Executive Officer, one or more Executive or Senior Vice Presidents that report directly to the President and Chief Executive Officer, a Chief Financial Officer, and a Corporate Secretary (“Secretary”). Any two or more such offices may be held by the same person, except that no person may hold more than one of the following offices: President and Chief Executive Officer, Chief Financial Officer, and Secretary.
- (b) The Principal Officers of the Corporation shall be elected annually by the Board of Directors, or such Committee as the Board designates, and each such Principal Officer shall hold his/her office until the next annual organization meeting of directors and until his/her successor shall have been duly chosen and qualified, or until his/her earlier death, resignation or removal.
- (c) The election or appointment of a Principal Officer shall not of itself create any contract right to employment for any term, it being the intention of these Bylaws that all officers shall serve at the pleasure of the Board of Directors.
- (d) A nominee for the office of President and Chief Executive Officer of the Corporation shall be elected by “Open Ballot” upon receiving the affirmative vote of at least a majority of the votes which all Directors elected or appointed and in office at the time of election are entitled to cast for the election of such Officer.

6.02 Subordinate Officers and Agents.

The Board of Directors may from time to time elect such subordinate officers and employees or other agents as the business of the Corporation may require, including one or more Senior Vice Presidents who do not report directly to the President and Chief Executive Officer, Vice Presidents, Assistant Vice Presidents, and Assistant Secretaries, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws, or as the Board of Directors may from time to time determine. The Board of Directors may delegate to any Principal Officer the power to retain or appoint subordinate officers, employees or other agents, and to prescribe the authority and duties of such persons. The election or appointment of a subordinate officer shall not of itself create any contract right to employment for any term, it being the intention of these Bylaws that all officers shall serve at the pleasure of the Board.

6.03 Removal of Officers.

Any officer, employee or other agent of the Corporation may be removed, either for or without cause, by the Board of Directors or other authority which elected, retained or appointed such officer, or other agent whenever in the judgment of such authority the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of persons so removed.

6.04 Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled by the Board of Directors and if the office is one for which these Bylaws prescribe a term, shall be filled for the unexpired portion of the term.

6.05 General Powers.

All officers of the Corporation, as between themselves and the Corporation, shall, respectively, have such authority and perform such duties in the management of the property and affairs of the Corporation as may be determined by resolution or orders of the Board of Directors, or in the absence of controlling provisions in a resolution or orders of the Board of Directors, as may be provided in these Bylaws.

6.06 President and Chief Executive Officer.

The President and Chief Executive Officer shall be the chief executive officer of the Corporation and shall have general supervision over the activities and operations of the Corporation, subject, however, to the oversight of the Board and the Chairman. The President and Chief Executive Officer shall sign,

execute, and acknowledge, in the name of the Corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the Board, except in cases where the signing and execution thereof shall be expressly delegated by the Board, or by these Bylaws, to some other officer or agent of the Corporation; and, in general, shall perform all duties incident to the office of President and Chief Executive Officer, and such other duties as from time to time may be assigned by the Board or the Chairman. The President and Chief Executive Officer shall preside at all meetings of the Executive Committee.

6.07 Executive Vice Presidents and Senior Vice Presidents.

The Executive Vice Presidents and the Senior Vice Presidents shall perform such duties as from time to time may be assigned to them by the President and Chief Executive Officer, the Board of Directors or the Executive Committee. In the absence of the President and Chief Executive Officer, the Executive Vice Presidents and the Senior Vice Presidents who report to the Chief Executive Officer, in order of their rank as determined from time to time by the Board of Directors, shall perform all the duties of the President and Chief Executive Officer.

6.08 Chief Financial Officer.

The Chief Financial Officer shall have or provide for the custody of the funds or other property of the Corporation; shall collect and receive or provide for the collection and receipt of monies earned by or in any manner due to or received by the Corporation; shall deposit all funds in his/her custody as Chief Financial Officer in such banks or other places of deposit as the Board of Directors may from time to time designate; shall, whenever so required by the Board of Directors, render an account showing all transactions as Chief Financial Officer, and the financial condition of the Corporation; and, in general, shall discharge such other duties as may from time to time be assigned to him/her by the Board of Directors, the Executive Committee, or the President and Chief Executive. In the absence of the Chief Financial Officer or his/her inability to act, his/her duties shall be performed by any Vice President having responsibility for financial matters.

6.09 Secretary.

The Secretary shall keep the minutes of the meetings of the subscribers of the Corporation and of the Board of Directors in one or more books provided for that purpose; shall see that all notices are duly given in accordance with the provisions of these Bylaws; shall be custodian of the corporate records and the seal of the Corporation; shall keep a record of the post office address of each director; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him/her by the President and Chief Executive Officer, the Board of Directors or the Executive Committee. In the absence of the Secretary or his/her inability to act, his/her duties shall be performed by any Assistant Secretary.

6.10 Compensation.

The compensation of such officers as are elected by the Board of Directors or by a Board Committee designated by the Board shall be fixed from time to time by the Board of Directors or by such Board Committee as may be designated by resolution of the Board. No director shall receive any salary or other compensation for his/her services as a director if such director also is compensated as a full time salaried officer of the Corporation.

ARTICLE VII — CONTRACTS, LOANS, CHECKS, DEPOSITS AND INVESTMENTS

7.01 Contracts.

The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any subscription agreement or instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

7.02 Loans.

The Board of Directors may authorize borrowing by the Corporation of such sum or sums of money as the Board may deem advisable, and to mortgage or pledge any or all of the real or personal property and any or all of the other available assets of the Corporation in order to secure the payment of the principal amount of any such borrowing and the interest thereon and any and all such other amounts as may become due on account thereof.

7.03 Checks.

All checks, drafts, bills of exchange or other orders in writing for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed in such manner as the Board of Directors may from time to time direct.

7.04 Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may from time to time direct.

7.05 Investments.

The funds of the Corporation shall be invested in compliance with the requirements of applicable law.

ARTICLE VIII — INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHER AUTHORIZED REPRESENTATIVES

8.01 Scope of Indemnification.

- (a) The Corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise, by reason of the fact that such person is or was serving in an indemnified capacity, including without limitation any liability resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except: (1) where such indemnification is expressly prohibited by applicable law, (2) where the conduct of the indemnified representative has been finally determined pursuant to Section 8.06 or otherwise (i) to constitute willful misconduct or recklessness within the meaning of 15 Pa. C.S. § 5713 or any superseding provision of law, sufficient in the circumstances to bar indemnification against liabilities arising from the conduct or (ii) to be based upon the receipt by the indemnified representative from the Corporation of a personal benefit to which the indemnified representative is not legally entitled, or (3) to the extent such indemnification has been finally determined in an adjudication pursuant to Section 8.06 to be otherwise unlawful.
- (b) If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the Corporation shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.
- (c) The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall, not, of itself, create a presumption that the indemnified representative is not entitled to indemnification.

(d) For purposes of this Article:

- (1) "Indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the Corporation, or, at the request of the Corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;
- (2) "Indemnified representative" means any and all directors and officers of the Corporation, employees of the Corporation who serve as medical directors or as lawyers for the Corporation and any other person designated as an indemnified representative by the Board of Directors of the Corporation, (which may, but need not, include any person serving, at the request of the Corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);
- (3) "Liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense of any nature (including, without limitation, attorneys' fees and disbursements); and
- (4) "Proceeding" means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the corporation, a class of its security holders, if any, or otherwise.

8.02 Proceedings Initiated by Indemnified Representatives.

Notwithstanding any other provision of this Article, the Corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the directors in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 8.06 or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

8.03 Advancing Expenses.

The Corporation shall pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 8.01 or the initiation of or participation in which is authorized pursuant to Section 8.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay such amount if it shall ultimately be determined pursuant to Section 8.06 that such person is not entitled to be indemnified by the Corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance. Section 4.24 shall not be applicable to the advancement of expenses under this Section.

8.04 Securing of Indemnification Obligations.

To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Corporation may maintain insurance, obtain a letter of credit, act as a self insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board of Directors shall deem appropriate. Absent fraud, the determination of the Board of Directors with respect to such amounts, costs, terms and conditions shall be conclusive and shall not be subject to voidability.

8.05 Payment of Indemnification.

An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the Secretary of the Corporation.

8.06 Arbitration.

Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article shall be decided only by arbitration in the metropolitan area in which the principal executive offices of the Corporation are located, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three arbitrators, one of whom shall be selected by the Corporation, the second of whom shall be selected by the indemnified representative and the third of whom shall be selected by the other two arbitrators. In the absence of the American Arbitration Association, or if for any reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated, or if one of the parties fails or refuses to select an arbitrator, or if the arbitrators selected by the Corporation and the indemnified representative cannot agree on the selection of the third arbitrator within 30 days after such time as the Corporation and the indemnified representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in such metropolitan area. Each arbitrator selected as provided herein is required to be or have been a director or executive officer of a corporation whose shares of common stock were listed during at least one year of such service on the New York Stock Exchange or the American Stock Exchange or quoted on the National Association of Securities Dealers Automated Quotations System. The party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof. The Corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 8.01(a)(2) in a proceeding not directly involving indemnification under this Article. This arbitration provision shall be specifically enforceable.

8.07 Contribution.

If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the Corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or otherwise.

8.08 Mandatory Indemnification of Directors, Officers, Employees and Agents.

To the extent that a director, officer, employee or agent of the Corporation has

been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in 15 Pa. C.S. §5741 or §5742 or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.

8.09 Contract Rights; Amendment or Repeal.

All rights under this Article shall be deemed a contract between the Corporation and the indemnified representative pursuant to which the Corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

8.10 Scope of Article.

The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of disinterested directors or otherwise, both as to action in an official capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

8.11 Reliance on Provisions.

Each person who shall act as an indemnified representative of the Corporation shall be deemed to be doing so in reliance upon the rights of indemnification, contribution and advancement of expenses provided by this Article.

8.12 Interpretation.

The provisions of this Article are intended to constitute Bylaws authorized by 15 Pa. C.S. Section 5746(a).

ARTICLE IX — MISCELLANEOUS

9.01 Description of Seal.

The seal of the Corporation shall be circular in form with the name of the Corporation in the circumference and the words and figures "Incorporated 1938" in the center.

9.02 Conflict of Interest Procedure.

Annually the Corporation shall prepare and submit a conflict of interest questionnaire to all of the directors, officers and employees of the Corporation, who shall respond to the questionnaire by disclosing all of their relevant outside interests, memberships and affiliations.

ARTICLE X — FUNDAMENTAL CHANGES; AMENDMENTS

10.01 Subscriber Initiated Action.

Any of the following plans or other corporate action may be proposed by petition of 5% the subscribers, which petition shall be directed to the Board of Directors and filed with the Secretary of the Corporation:

- (a) The amendment of the Articles of Incorporation.
- (b) A plan of sale, lease or exchange of assets under 15 Pa. C.S. §5930.
- (c) A plan of merger, consolidation, division or conversion.
- (d) The voluntary dissolution of the Corporation.

10.02 Action Requiring Approval.

No plan or corporate action specified below shall be deemed adopted by the Corporation until such plan or corporate action is approved by the Insurance Commissioner:

- (a) Amendment of the Articles of Incorporation.
- (b) A plan of sale, lease or exchange of assets under 15 Pa. C.S. §5930.
- (c) A plan of merger, consolidation, division or conversion.
- (d) The voluntary dissolution of the Corporation.

10.03 Amendments to Bylaws by Board.

The Member of the Corporation shall have the power to adopt, amend and repeal the Bylaws of the Corporation. The Board of Directors shall not have such power.

TAB 8

[HOLDCO #1]

BYLAWS

(As Adopted, January 1, 2014)

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I OFFICES AND FISCAL YEAR; CERTAIN DEFINITIONS	1
1.01 Registered Office	1
1.02 Other Offices	1
1.03 Fiscal Year	1
1.04 Definition of Subsidiary	1
ARTICLE II BOARD OF DIRECTORS	1
2.01 Powers and Personal Liability of Directors	1
2.02 Qualifications	2
2.03 Number and Term of Office	3
2.04 Nominations of Directors	4
2.05 Substitute Nominations	4
2.06 Election of Directors	4
2.07 Chairman; Vice Chairman, Etc.	4
2.08 Resignation	5
2.09 Removal of Directors	5
2.10 Vacancies	5
2.11 Organization Meeting	6
2.12 Regular Meetings	6
2.13 Special Meetings	6
2.14 Quorum and Manner of Acting	6
2.15 Standing Board Committees	7
2.16 Committee Term	7
2.17 Special Committees	7
2.18 Quorum for Committee Meetings	8
2.19 Committee Action by Unanimous Written Consent	8
2.20 Removal of Committee Members	8
2.21 Vacancies on Committees	8
2.22 Executive Committee	8
2.23 Interested Directors or Officers; Quorum	9

ARTICLE III	NOTICE-WAIVERS-MEETINGS.....	9
3.01	Notice, What Constitutes.....	9
3.02	Waivers of Notice.....	10
3.03	Exception to Requirement of Notice.....	10
3.04	Conference Telephone Meetings	10
ARTICLE IV	OFFICERS	10
4.01	Principal Officers.....	10
4.02	Subordinate Officers and Agents	11
4.03	Removal of Officers.....	11
4.04	Vacancies	11
4.05	General Powers	12
4.06	President and Chief Executive Officer.....	12
4.07	Executive Vice Presidents and Senior Vice Presidents.....	12
4.08	Chief Financial Officer.....	12
4.09	Secretary.....	13
4.10	Compensation.....	13
ARTICLE V	CONTRACTS, LOANS, CHECKS, DEPOSITS AND INVESTMENTS	13
5.01	Contracts.....	13
5.02	Loans	13
5.03	Checks	14
5.04	Deposits	14
5.05	Investments.....	14
ARTICLE VI	INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHER AUTHORIZED REPRESENTATIVES	14
6.01	Scope of Indemnification.....	14
6.02	Proceedings Initiated by Indemnified Representatives	15
6.03	Advancing Expenses.....	16
6.04	Securing of Indemnification Obligations	16
6.05	Payment of Indemnification.....	16
6.06	Arbitration.....	16
6.07	Contribution.....	17
6.08	Mandatory Indemnification of Directors, Officers, Employees and Agents.....	17

6.09 Contract Rights; Amendment or Repeal..... 17
6.10 Scope of Article..... 18
6.11 Reliance on Provisions..... 18
6.12 Interpretation..... 18
ARTICLE VII MISCELLANEOUS 18
7.01 Description of Seal..... 18
7.02 Conflict of Interest Procedure..... 18
ARTICLE VIII AMENDMENTS 18
8.01 Amendments to Bylaws by Board 18

ARTICLE I— OFFICES AND FISCAL YEAR; CERTAIN DEFINITIONS

1.01 Registered Office.

The registered office of [Holdco #1] (the "Corporation") in the Commonwealth of Pennsylvania shall be at 1901 Market Street, Philadelphia, Pennsylvania 19103, until otherwise established by a vote of a majority of the Board of Directors in office, and a statement of such change is filed in the Department of State; or until changed by an appropriate amendment of the articles of the Corporation.

1.02 Other Offices.

The Corporation may also have offices at such other places within or without the United States of America as the Board of Directors of the Corporation (the "Board") may from time to time appoint or the business of the Corporation requires.

1.03 Fiscal Year.

The fiscal year of the Corporation shall begin on the first day of January in each year.

1.04 Definition of Subsidiary.

For the purposes of these Bylaws, the term "Subsidiary" shall mean any corporation, limited liability company, partnership or other entity wholly owned, directly or indirectly, by the Corporation, or with respect to which the Corporation has the power, directly or indirectly, through voting securities or otherwise, to elect a majority of the members of the board of directors or other governing body of such entity.

ARTICLE II— Board of Directors

2.01 Powers and Personal Liability of Directors.

- (a) The Board of Directors shall have full power to conduct and direct the business and affairs of the Corporation, and all powers of the Corporation are hereby granted to and vested in the Board of Directors.
- (b) A director of the Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless the director has breached or failed to perform the duties of his/her office under 15 Pa. C.S. Subchapter 57B and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this subsection shall not apply to the responsibility or liability of a

director pursuant to any criminal statute or the liability of a director for the payment of taxes pursuant to local, state or Federal law.

2.02 Qualifications.

- (a) Each director of the Corporation shall be a natural person of at least 18 years of age and need not be a resident of Pennsylvania. No person shall be eligible for election to the Board of Directors or to continue as a director who is a provider of services or an employee, board member, trustee, or partner of a provider of services that the Company or any of its Subsidiaries contracts with or may contract with for the provision of services to its subscribers and eligible dependents; provided, however, that the foregoing restriction shall not apply to persons who were serving on the Board as of January 1, 2014. For purposes of this Section the term "provider of services" does not include a Subsidiary, affiliate or joint venture of the Corporation, but includes, but is not limited to, hospitals and other health care facilities, physicians and other licensed health care professionals, ancillary health services providers, behavioral health management companies, pharmaceutical manufacturers, pharmaceutical benefit management companies, utilization, case and disease management companies and other entities which provide and/or administer health care related services.
- (b) A person who is, or has ever been, subject to an order of a court or the Securities and Exchange Commission prohibiting such person from acting as an officer or director of a public company, shall not be eligible to serve as a director of the Corporation.
- (c) If nominations have been called for as provided in these Bylaws, only candidates who have been nominated in accordance with these Bylaws shall be eligible for election.
- (d) At least a majority of the Board of Directors shall be "independent" directors. An "independent" director is a director with respect to whom the Governance Committee has affirmatively determined that such director has no material relationship with the Corporation or a Subsidiary (other than as a director). A director shall not be deemed independent if:
 - (i) The director is, or within the prior twelve months has been, an employee of the Corporation or a Subsidiary, or an immediate family member is, or within the prior twelve months has been, an officer of the Corporation or a Subsidiary.

- (ii) The director has received, or an immediate family member of the director has received, during the prior twelve months, more than the "compensation limit" (as defined below) in direct compensation from the Corporation and its Subsidiaries, other than Board fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent upon continued service).
- (iii) The director or an immediate family member of the director is a director, officer or owner of more than a 5% interest in another company which during the current or past fiscal year of the Corporation received payments from the Corporation and its Subsidiaries that exceed in the aggregate the "contract limit" (as defined below).
- (iv) The director or an immediate family member of the director is, or within the prior twelve months was, a partner, shareholder or equity member of a firm that acts as the Corporation's internal or external auditor, or the director is an employee of such a firm.

For the purposes of this Section 2.02(d):

"immediate family member" shall mean a person's spouse, parents, children and siblings;

"compensation limit" shall mean such amount as may be determined by the Board from time to time as the "compensation limit;" and

"contract limit" shall mean such amount as may be determined by the Board from time to time as the "contract limit."

2.03 Number and Term of Office.

- (a) The Board of Directors shall consist of (i) such number of Directors as the Board shall determine from time to time (but not less than 15 nor more than 34) and (ii) the ex-officio member provided for in subsection (d) of this Section.
- (b) Except as provided in subsection (c) of this Section, each Director shall serve for a term of three years following his/her election and until his/her successor shall have been elected and qualified, or until his/her earlier death, resignation or removal.
- (c) The terms of Directors shall be so staggered that each class of Directors shall be as nearly equal in number as possible. The initial

Directors and their initial terms are as set forth on Exhibit A to these Bylaws.

- (d) The President and Chief Executive Officer of the Corporation shall be an ex-officio member of the Board of Directors who shall have the right to vote.

2.04 Nominations of Directors.

The Directors shall be nominated in the following manner:

Nominations for election to the Board as Directors shall be made by the Governance Committee. Not later than March 1 of each year, the Governance Committee shall notify the Secretary of the names of its nominees.

2.05 Substitute Nominations.

The Governance Committee, at any time before the commencement of voting for the election of Directors, may substitute another candidate for any candidate nominated by the Governance Committee who for any reason shall be unavailable for election.

2.06 Election of Directors.

Except in the case of vacancies, Directors shall be elected by the Board in the manner provided in this Section. Only those persons nominated by the Governance Committee shall be eligible for election to the Board as Directors. The nominees receiving the highest number of votes, up to the number of Directors to be elected, shall be elected, except that no nominee shall be elected without receiving at least a majority of the votes cast. If necessary, successive ballots shall be taken in which the nominee receiving the fewest number of votes cast shall be dropped from the subsequent ballot.

2.07 Chairman; Vice Chairman, Etc.

- (a) The Chairman of the Board shall be elected annually by the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors.
- (b) One or two Vice Chairmen of the Board shall be elected annually by the Board. In the absence of the Chairman, or in the event of his/her inability or refusal to act, the Vice Chairman (or if more than one, the Vice Chairman having the longest service on the Board) shall exercise all the powers and perform all duties of the Chairman.
- (c) No Principal Officer of the Corporation (as defined in Section 4.01) shall be eligible to serve as Chairman or Vice Chairman.

- (d) At every meeting of the Board of Directors, the Chairman of the Board or, in the case of a vacancy in the office or absence of the Chairman, one of the following officers present in the order stated: the Vice Chairman of the Board (or if more than one, the Vice Chairmen in their order of longest service on the Board), the President and Chief Executive Officer, or a Chairman chosen by a majority of the directors present, shall preside; and the Secretary or, in his/her absence, an Assistant Secretary, or in the absence of the Secretary and the Assistant Secretary(s), any person appointed by the Chairman of the meeting shall act as Secretary.

2.08 Resignation.

Any director of the Corporation may resign at any time by giving written notice to the Secretary of the Corporation. Such resignation shall take effect at the date of the receipt of such notice or at any time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

2.09 Removal of Directors.

- (a) The Board of Directors may remove a director from office:
- (1) If he/she is declared of unsound mind by an order of court, or convicted of a felony, or for any other proper cause;
 - (2) If within sixty days after the notice of his/her election, he/she does not accept such office either in writing or by attending a meeting of the Board of Directors;
 - (3) If any director shall have absented himself/herself from three successive meetings and no satisfactory explanation of such absence shall have been made to the Board;
 - (4) If he/she becomes disqualified pursuant to Section 2.02 of this Article; or
 - (5) If any director who is employed by the Corporation ceases to be employed by the Corporation.

2.10 Vacancies.

- (a) Any vacancy or vacancies in the office of Director caused by death, resignation, removal in any manner other than disqualification, an increase in the number of directors, or any other cause, may be filled by a vote of the majority of the remaining members of the Board of Directors, though less than a quorum, at any regular or special meeting.

- (b) Directors elected to fill interim vacancies shall continue in office of the unexpired portion of the term and until their successors shall have been elected and qualified, or until their earlier death, resignation or removal.

2.11 Organization Meeting.

Following each annual election of directors, the Board of Directors shall meet for the purpose of organization, the election of the Chairman and Vice Chairman or Vice Chairmen, the election of Principal Officers and the transaction of other business. Such organization meeting shall be held at such time and place which shall be specified in a notice given as hereinafter provided for meetings of the Board of Directors.

2.12 Regular Meetings.

Regular meetings of the Board of Directors shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors. If the date fixed for any such regular meeting is a legal holiday under the laws of the state where such meeting is to be held, then the meeting shall be held on the next succeeding business day, not a Saturday, or at such other time as may be determined by resolution of the Board of Directors. At such meeting, the directors shall transact such business as may properly be brought before the meeting. Notice of regular meetings need not be given unless required by law or these Bylaws.

2.13 Special Meetings.

Special meetings of the Board of Directors shall be held whenever called by the Chairman, by the Vice Chairman (or if more than one, by either of the Vice Chairmen), or by the President and Chief Executive Officer. Notice of each such meeting shall be given to each director by telephone or in writing (which may be in the form of an electronic notice). Such notice shall be given at least twenty-four hours (in the case of telephonic or written electronic notice) or five days (in the case of written notice by mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting.

Notice of any meeting of the Board of Directors during any emergency resulting from warlike damage, or an attack on the United States, or any nuclear or atomic disaster, shall be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication or radio. To the extent required to constitute a quorum at any meeting of the Board of Directors during such an emergency the officers of the Corporation who are present shall be deemed, in order of their rank as determined from time to time by the Board of Directors, directors for such meeting.

2.14 Quorum and Manner of Acting.

- (a) In order to constitute a quorum for the transaction of business at least a majority of the Directors shall be present at a meeting of the Board and at least one such Director shall qualify as an independent director (as defined in Section 2.02). Except as otherwise specified in the Articles or these Bylaws or provided by statute, the acts of a majority of the organized meeting shall be the acts of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum is present.
- (b) Any action which may be taken at a meeting of the Board may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the directors in office and filed with the Secretary of the Corporation.

2.15 Standing Board Committees.

The Board of Directors shall have an Executive Committee, an Audit Committee, a Finance Committee, a Governance Committee, a Human Resources Committee, a Minority Employment and Contracting Committee, and a Consumer and Public Affairs Committee, and the Board of Directors may establish such other standing committees as it deems to be necessary or desirable (the "Standing Board Committees"). All Standing Board Committees shall be comprised solely of Directors and shall have charters governing their powers and duties, which charters shall be approved by the Board of Directors. Only directors who qualify as independent directors (as defined in Section 2.02) shall be eligible to serve as the members of the Audit Committee, the Governance Committee or the Human Resources Committee. Not less than one-third of the members of all other Standing Board Committees shall be Directors who qualify as independent directors (as defined in Section 2.02). The chairman and the members of each Standing Board Committee shall be appointed by the Chairman, with the approval of the Board of Directors. The Chairman shall be an ex officio member of each Standing Board Committee.

2.16 Committee Term.

Except as otherwise provided in any resolutions establishing any Standing Board Committee, each member of a Standing Board Committee shall continue as such until the next annual organizational meeting of the Board of Directors and until a successor has been appointed as provided herein, unless such person resigns, is removed or otherwise ceases to serve thereon for any reason.

2.17 Special Committees.

The Chairman, with the approval of the Board of Directors, may establish one or more special committees. The chairman and the members of each special committee shall be appointed by the Chairman, with the approval of the Board of Directors.

2.18 Quorum for Committee Meetings.

Except as otherwise provided in the charter governing any such committee, a majority of the members comprising any committee created by or pursuant to this Article III shall constitute a quorum for the transaction of business, and the acts of a majority of committee members present at a meeting at which a quorum is present shall constitute the acts of the committee, unless a greater proportion is required by applicable law, the Articles of Incorporation or these Bylaws. A quorum for the transaction of business by a committee created by or pursuant to this Article III also shall require the presence of at least one Director who qualifies as an independent director (as defined in Section 2.02).

2.19 Committee Action by Unanimous Written Consent.

Except as otherwise provided in the charter governing any such committee, any action which may be taken at a meeting of any committee created by or pursuant to this Article III may be taken without a meeting if a consent or consents in writing setting forth the action so taken shall be signed by all of the members of such committee in office and filed with the Secretary.

2.20 Removal of Committee Members.

Any member of a Standing Board Committee or special committee of the Board of Directors may be removed at any time, with or without cause, by the Chairman, upon consultation with the chairman of the Governance Committee and with the approval of the Board of Directors.

2.21 Vacancies on Committees.

Any vacancy in the membership of any Standing Board Committee or special committee of the Board of Directors caused by the death, resignation or removal of a Director prior to the expiration of that Director's term may be filled by another Director selected by the Chairman, with the approval of the Board of Directors.

2.22 Executive Committee.

The Executive Committee shall consist of the chairmen of each of the Standing Board Committees, together with such other Directors as the Chairman may appoint, with the approval of the Board of Directors. The Executive Committee shall have and may exercise all of the powers and authority of the Board in the management of the business and affairs of the Corporation, except that the Executive Committee shall not have any power or authority as to the following:

- (a) The creation or filling of vacancies on the Board.
- (b) The adoption, amendment or repeal of the Bylaws.
- (c) The amendment or repeal of any resolution of the Board that by its terms is amendable or repealable only by the Board.

- (d) Action on matters committed by the Bylaws or a resolution of the Board exclusively to another committee of the Board.

2.23 Interested Directors or Officers; Quorum.

- (a) No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because the director or officer is present at or participates in the meeting of the Board which authorizes the contract or transaction, or solely because his/her or their votes are counted for such purpose, if:
 - (1) The material facts as to his/her relationship or interest and as to the contract or transaction are disclosed to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or
 - (2) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors.
- (b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes a contract or transaction specified in this Section.

ARTICLE III — NOTICE-WAIVERS-MEETINGS

3.01 Notice, What Constitutes.

- (a) Except as otherwise provided in these Bylaws, whenever written notice is required to be given to any person under the provisions of the Articles, these Bylaws, or applicable law, it may be given to such person, either personally or by sending a copy thereof through the mail, or by electronic transmission, to his/her address appearing on the books of the Corporation (or its Subsidiaries, as the case may be), or in the case of directors, supplied by him/her to the Corporation for the purpose of notice. If the notice is sent by mail, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail. A notice of a meeting shall specify the place, day and hour of the meeting.
- (b) When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business as to be

transacted at such meeting, other than by announcement at the meeting at which such adjournment is taken.

3.02 Waivers of Notice.

- (a) Whenever any written notice is required to be given under the provisions of the Articles, these Bylaws, or applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of the meeting, need be specified in the waiver of notice of such meeting.
- (b) Attendance of a person at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

3.03 Exception to Requirement of Notice.

Wherever any notice or communication is required to be given to any person under the provisions of the Articles, these Bylaws, or applicable law, or by the terms of any agreement or other instrument or as a condition precedent to taking any corporate action and communication with such person is then unlawful, the giving of such notice or communication to such person shall not be required and there shall be no duty to apply for a license or other permission to do so.

3.04 Conference Telephone Meetings.

Except in cases where the Board of Directors or the Chairman has determined that telephone participation will not be permitted and notice of such determination has been given to the members of the Board, or the members of the Committee, as the case may be, one or more directors may participate in a meeting of the Board, or a committee of the Board, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

ARTICLE IV — OFFICERS

4.01 Principal Officers.

- (a) The Principal Officers of the Corporation shall be a President and Chief Executive Officer, one or more Executive or Senior Vice Presidents that report directly to the President and Chief Executive Officer, a Chief Financial Officer, and a Corporate Secretary ("Secretary"). Any two or more such offices may be held by the same person, except that no person may hold more than one of the

following offices: President and Chief Executive Officer, Chief Financial Officer, and Secretary.

- (b) The Principal Officers of the Corporation shall be elected annually by the Board of Directors, or such Committee as the Board designates, and each such Principal Officer shall hold his/her office until the next annual organization meeting of directors and until his/her successor shall have been duly chosen and qualified, or until his/her earlier death, resignation or removal.
- (c) The election or appointment of a Principal Officer shall not of itself create any contract right to employment for any term, it being the intention of these Bylaws that all officers shall serve at the pleasure of the Board of Directors.
- (d) A nominee for the office of President and Chief Executive Officer of the Corporation shall be elected by "Open Ballot" upon receiving the affirmative vote of at least a majority of the votes which all Directors elected and in office at the time of election are entitled to cast for the election of such Officer.

4.02 Subordinate Officers and Agents.

The Board of Directors may from time to time elect such subordinate officers and employees or other agents as the business of the Corporation may require, including one or more Senior Vice Presidents who do not report directly to the President and Chief Executive Officer, Vice Presidents, Assistant Vice Presidents, and Assistant Secretaries, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws, or as the Board of Directors may from time to time determine. The Board of Directors may delegate to any Principal Officer the power to retain or appoint subordinate officers, employees or other agents, and to prescribe the authority and duties of such persons. The election or appointment of a subordinate officer shall not of itself create any contract right to employment for any term, it being the intention of these Bylaws that all officers shall serve at the pleasure of the Board.

4.03 Removal of Officers.

Any officer, employee or other agent of the Corporation may be removed, either for or without cause, by the Board of Directors or other authority which elected, retained or appointed such officer, or other agent whenever in the judgment of such authority the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of persons so removed.

4.04 Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled by the Board of Directors and if the office is one for which these Bylaws prescribe a term, shall be filled for the unexpired portion of the term.

4.05 General Powers.

All officers of the Corporation, as between themselves and the Corporation, shall, respectively, have such authority and perform such duties in the management of the property and affairs of the Corporation as may be determined by resolution or orders of the Board of Directors, or in the absence of controlling provisions in a resolution or orders of the Board of Directors, as may be provided in these Bylaws.

4.06 President and Chief Executive Officer.

The President and Chief Executive Officer shall be the chief executive officer of the Corporation and shall have general supervision over the activities and operations of the Corporation, subject, however, to the oversight of the Board and the Chairman. The President and Chief Executive Officer shall sign, execute, and acknowledge, in the name of the Corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the Board, except in cases where the signing and execution thereof shall be expressly delegated by the Board, or by these Bylaws, to some other officer or agent of the Corporation; and, in general, shall perform all duties incident to the office of President and Chief Executive Officer, and such other duties as from time to time may be assigned by the Board or the Chairman. The President and Chief Executive Officer shall preside at all meetings of the Executive Committee.

4.07 Executive Vice Presidents and Senior Vice Presidents.

The Executive Vice Presidents and the Senior Vice Presidents shall perform such duties as from time to time may be assigned to them by the President and Chief Executive Officer, the Board of Directors or the Executive Committee. In the absence of the President and Chief Executive Officer, the Executive Vice Presidents and the Senior Vice Presidents who report to the Chief Executive Officer, in order of their rank as determined from time to time by the Board of Directors, shall perform all the duties of the President and Chief Executive Officer.

4.08 Chief Financial Officer.

The Chief Financial Officer shall have or provide for the custody of the funds or other property of the Corporation; shall collect and receive or provide for the collection and receipt of monies earned by or in any manner due to or received by the Corporation; shall deposit all funds in his/her custody as Chief Financial Officer in such banks or other places of deposit as the Board of Directors may from time to time designate; shall, whenever so required by the Board of

Directors, render an account showing all transactions as Chief Financial Officer, and the financial condition of the Corporation; and, in general, shall discharge such other duties as may from time to time be assigned to him/her by the Board of Directors, the Executive Committee, or the President and Chief Executive. In the absence of the Chief Financial Officer or his/her inability to act, his/her duties shall be performed by any Vice President having responsibility for financial matters.

4.09 Secretary.

The Secretary shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; shall see that all notices are duly given in accordance with the provisions of these Bylaws; shall be custodian of the corporate records and the seal of the Corporation; shall keep a record of the post office address of each director; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him/her by the President and Chief Executive Officer, the Board of Directors or the Executive Committee. In the absence of the Secretary or his/her inability to act, his/her duties shall be performed by any Assistant Secretary.

4.10 Compensation.

The compensation of such officers as are elected by the Board of Directors or by a Board Committee designated by the Board shall be fixed from time to time by the Board of Directors or by such Board Committee as may be designated by resolution of the Board. No director shall receive any salary or other compensation for his/her services as a director if such director also is compensated as a full time salaried officer of the Corporation.

ARTICLE V — CONTRACTS, LOANS, CHECKS, DEPOSITS AND INVESTMENTS

5.01 Contracts.

The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any subscription agreement or instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

5.02 Loans.

The Board of Directors may authorize borrowing by the Corporation of such sum or sums of money as the Board may deem advisable, and to mortgage or pledge any or all of the real or personal property and any or all of the other available assets of the Corporation in order to secure the payment of the principal amount of any such borrowing and the interest thereon and any and all such other amounts as may become due on account thereof.

5.03 Checks.

All checks, drafts, bills of exchange or other orders in writing for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed in such manner as the Board of Directors may from time to time direct.

5.04 Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may from time to time direct.

5.05 Investments.

The funds of the Corporation shall be invested in compliance with the requirements of applicable law.

ARTICLE VI — INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHER AUTHORIZED REPRESENTATIVES

6.01 Scope of Indemnification.

- (a) The Corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise, by reason of the fact that such person is or was serving in an indemnified capacity, including without limitation any liability resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except: (1) where such indemnification is expressly prohibited by applicable law, (2) where the conduct of the indemnified representative has been finally determined pursuant to Section 6.06 or otherwise (i) to constitute willful misconduct or recklessness within the meaning of 15 Pa. C.S. § 5713 or any superseding provision of law, sufficient in the circumstances to bar indemnification against liabilities arising from the conduct or (ii) to be based upon the receipt by the indemnified representative from the Corporation of a personal benefit to which the indemnified representative is not legally entitled, or (3) to the extent such indemnification has been finally determined in an adjudication pursuant to Section 6.06 to be otherwise unlawful.
- (b) If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the Corporation shall indemnify such

indemnified representative to the maximum extent for such portion of the liabilities.

- (c) The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall, not, of itself, create a presumption that the indemnified representative is not entitled to indemnification.
- (d) For purposes of this Article:
 - (1) "Indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the Corporation, or, at the request of the Corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;
 - (2) "Indemnified representative" means any and all directors and officers of the Corporation, employees of the Corporation who serve as medical directors or as lawyers for the Corporation and any other person designated as an indemnified representative by the Board of Directors of the Corporation, (which may, but need not, include any person serving, at the request of the Corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);
 - (3) "Liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense of any nature (including, without limitation, attorneys' fees and disbursements); and
 - (4) "Proceeding" means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the corporation, a class of its security holders, if any, or otherwise.

6.02 Proceedings Initiated by Indemnified Representatives.

Notwithstanding any other provision of this Article, the Corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the

person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the directors in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 6.06 or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

6.03 Advancing Expenses.

The Corporation shall pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 6.01 or the initiation of or participation in which is authorized pursuant to Section 6.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay such amount if it shall ultimately be determined pursuant to Section 6.06 that such person is not entitled to be indemnified by the Corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance. Section 2.23 shall not be applicable to the advancement of expenses under this Section.

6.04 Securing of Indemnification Obligations.

To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Corporation may maintain insurance, obtain a letter of credit, act as a self insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board of Directors shall deem appropriate. Absent fraud, the determination of the Board of Directors with respect to such amounts, costs, terms and conditions shall be conclusive and shall not be subject to voidability.

6.05 Payment of Indemnification.

An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the Secretary of the Corporation.

6.06 Arbitration.

Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article shall be decided only by arbitration in the metropolitan area in which the principal executive offices of the Corporation are located, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three arbitrators, one of whom shall be selected by the Corporation, the second of whom shall be

selected by the indemnified representative and the third of whom shall be selected by the other two arbitrators. In the absence of the American Arbitration Association, or if for any reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated, or if one of the parties fails or refuses to select an arbitrator, or if the arbitrators selected by the Corporation and the indemnified representative cannot agree on the selection of the third arbitrator within 30 days after such time as the Corporation and the indemnified representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in such metropolitan area. Each arbitrator selected as provided herein is required to be or have been a director or executive officer of a corporation whose shares of common stock were listed during at least one year of such service on the New York Stock Exchange or the American Stock Exchange or quoted on the National Association of Securities Dealers Automated Quotations System. The party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof. The Corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 6.01(a)(2) in a proceeding not directly involving indemnification under this Article. This arbitration provision shall be specifically enforceable.

6.07 Contribution.

If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the Corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or otherwise.

6.08 Mandatory Indemnification of Directors, Officers, Employees and Agents.

To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in 15 Pa. C.S. §5741 or §5742 or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.

6.09 Contract Rights; Amendment or Repeal.

All rights under this Article shall be deemed a contract between the Corporation and the indemnified representative pursuant to which the Corporation and each

indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

6.10 Scope of Article.

The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of disinterested directors or otherwise, both as to action in an official capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

6.11 Reliance on Provisions.

Each person who shall act as an indemnified representative of the Corporation shall be deemed to be doing so in reliance upon the rights of indemnification, contribution and advancement of expenses provided by this Article.

6.12 Interpretation.

The provisions of this Article are intended to constitute Bylaws authorized by 15 Pa. C.S. Section 5746(a).

ARTICLE VII — MISCELLANEOUS

7.01 Description of Seal.

The seal of the Corporation shall be circular in form with the name of the Corporation in the circumference and setting forth the year of incorporation in the center and such other details as may be approved by the Board of Directors.

7.02 Conflict of Interest Procedure.

Annually the Corporation shall prepare and submit a conflict of interest questionnaire to all of the directors, officers and employees of the Corporation, who shall respond to the questionnaire by disclosing all of their relevant outside interests, memberships and affiliations.

ARTICLE VIII — AMENDMENTS

8.01 Amendments to Bylaws by Board.

The Board of Directors shall have the full authority vested by law in the Board of Directors of a Corporation without members to adopt, amend and repeal Bylaws of the Corporation, which action shall require the affirmative vote of 60% of the members of the Board of Directors then in office. Such proposed amendment, repeal or new Bylaws, or a summary thereof, shall be set forth in any notice of such meeting whether regular or special.

EXHIBIT A

[INITIAL DIRECTORS AND INITIAL TERMS]

TAB 9

TAB 9: Statement Regarding Compliance with 40 P.S. § 991.1405 (c)(3)(i) -- (c)(4.1)

IBC is the ultimate controlling person of its insurance holding company system. It's wholly owned subsidiaries include a number of Pennsylvania domiciled entities that qualify as "insurers" under the Insurance Holding Company Act ("IHCA"). Those entities are:

- Keystone Health Plan East, Inc. ("KHPE")
- QCC Insurance Company ("QCC")
- AmeriHealth HMO, Inc. ("AHMO")
- Vista Health Plan, Inc. ("Vista")
- Region 6 RX Corp. ("Region 6")
- CBHNP Services, Inc. ("CBHNP")
- Inter-County Health Plan, Inc.
- Inter-County Hospitalization Plan, Inc.

The IBC board and board committees comply with the requirements of 40 P.S. § 991.1405 (c)(3)(i) through (c)(4.1), as follows:

- The IBC board has 32 members, only one of whom (Chief Executive Officer Daniel Hilferty) would not satisfy the requirements of 40 P.S. § 991.1405 (c)(3)(i) pertaining to director independence.
- Each committee of the IBC board meets and exceeds the requirement under 40 P.S. § 991.1405(c)(3)(ii) that not less than one-third of a committee's members be independent.
- IBC maintains committees comprised entirely of independent members in accordance with 40 P.S. § 991.1405(c)(4)&(4.1). The IBC Audit Committee is responsible for the selection of independent certified public accountants and for the review of the company's financial condition, the scope and results of the independent audit and internal audits. The IBC Governance Committee is responsible for recommending candidates for election as directors. The IBC Human Resources Committee is responsible for evaluating the performance of principal officers and for recommending to the board the compensation of the principal officers.

Pursuant to 40 P.S. § 991.1405(c)(5), IBC's Pennsylvania domiciled "insurer" subsidiaries historically have relied on the composition and committee structure of the IBC board for compliance with the governance requirements of the IHCA.¹ Under the Plan of Division, KHPE, QCC, AHMO and Region 6 will be owned by SubHoldCo #1 which, in turn, will be owned by HoldCo #2 (AmeriHealth, Inc.) and ultimately by HoldCo #1. SubHoldCo #1 also will be the sole member of IBC which in turn will continue (along with Highmark) as one of the two controlling members of the ICHP Companies. Vista will be a first-tier and CBHNP will be a sixth-tier subsidiary of SubHoldCo #4 (IBC MH LLC) which, in turn, will be owned by HoldCo #2 (AmeriHealth, Inc.) and ultimately by HoldCo #1.

¹ Inter-County Health Plan, Inc. and Inter-County Hospitalization Plan, Inc. (the "ICHP Companies") are jointly controlled by IBC and Highmark Inc. ("Highmark"). The ICHP Companies can rely on the boards and committee structures of IBC and Highmark for compliance purposes under 40 P.S. § 991.1405(c)(5).

In its Form A application, IBC has proposed that these “insurer” subsidiaries be permitted to continue to rely upon the board composition and board committee structure at HoldCo #1 under 40 P.S. § 991.1405(c)(5). Under the post-closing structure, the Board members and committees at HoldCo #1 will be the same as those of IBC today. In addition, these same individuals will serve as the directors of HoldCo #2 (AmeriHealth, Inc.) and SubHoldCo #1. Corporate governance of the subsidiaries thus will be unchanged from the pre-closing structure and operations under the guidance of the IBC board and board committee structure.

40 P.S. § 991.1405(c)(5) provides for exemptive relief if the “domestic insurer” is controlled by (i) an insurer, (ii) an attorney in fact for a reciprocal exchange, (iii) a mutual insurance holding company or (iv) a publicly held corporation that itself has compliant board composition and a compliant committee structure. There is no principled difference between these categories of “ultimate controlling persons” and HoldCo #1 which will be a nonprofit, non-member Pennsylvania corporation. In fact, HoldCo #1 will be substantively the same as IBC pre-closing. It will have the same principal officers, the same board members and the same committee structure and committee members. Like IBC, it will be a Pennsylvania nonprofit corporation with no members. The only difference is that IBC has a certificate of authority as a hospital plan corporation and HoldCo #1 will not. For governance purposes, this is a distinction without a difference.

The alternative to exemptive relief will require that the board and committee structures which already exist (post-closing) at IBC, HoldCo #1, HoldCo #2, and SubHoldCo #1 will have to be repeated at each of the subsidiary insurers. This will cause those companies to incur extraordinary and unnecessary expense, and will burden and complicate corporate governance of these subsidiaries without any benefit to those companies, to the holding company system or to the Department. IBC has demonstrated that its current method of governing these subsidiaries under the IHCA works. That methodology should be permitted to continue in place after the Division Plan closes.

TAB 11

TAB 11

Agreement and Acknowledgement Required by 40 P.S. § 991.1402 (b)(11.1) & (11.2)

1. Independence Blue Cross ("IBC"), for and on behalf of itself and HoldCo #1, acknowledges and agrees that HoldCo #1 will provide the annual enterprise risk report specified in 40 P.S. § 991.1404(k.1) for so long as HoldCo #1 is the ultimate controlling person of the restructured IBC insurance holding company system.

2. IBC, for and on behalf of itself and HoldCo #1, acknowledges and agrees that HoldCo #1 and the subsidiaries within its control in the HoldCo #1 insurance holding company system (as such insurance holding company will exist following closing on the Plan of Division) will provide information to the Pennsylvania Insurance Commissioner upon request as necessary to evaluate enterprise risk to the insurer members of such insurance holding company system.

3. IBC undertakes, agrees and represents that it will deliver to the Pennsylvania Insurance Department a countersigned original of this Agreement and Acknowledgement, duly executed by HoldCo #1, promptly following closing on the Plan of Division.

4. This Agreement and Acknowledgement shall be deemed an undertaking and obligation of IBC that shall be allocated to, and assumed by, HoldCo #2 under and pursuant to the Plan of Division.

IN WITNESS WHEREOF, and intending to be legally bound hereby, IBC has executed this Agreement and Acknowledgement as of November 1, 2013.

INDEPENDENCE BLUE CROSS

By: _____

Name:

Title:

Accepted and Agreed as of the 1st day
of January, 2014:

HOLDCO #1

By: _____

Name:

Title:

TAB 13

TAB 13
Proposed Names

Current Name	Proposed Name
HoldCo #1	Independence Health Group, Inc.
HoldCo #2	AmeriHealth, Inc.
SubHoldCo #1	Independence Blue Cross, LLC
SubHoldCo #2	AmeriHealth Casualty Holdings, LLC
SubHoldCo #3	AmeriHealth New Jersey Holdings, LLC
SubHoldco #4	IBC MH LLC
Independence Blue Cross	Independence Hospital Indemnity Plan, Inc.