Highmark's Form A Regarding the Acquisition of Control of BCNEPA and Subsidiaries

TAB B

Merger Agreement

EXECUTION COPY

AGREEMENT OF MERGER

dated as of February 18, 2014

among

HOSPITAL SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA d/b/a BLUE CROSS OF NORTHEASTERN PENNSYLVANIA

a Pennsylvania nonprofit non-stock corporation,

HIGHMARK INC.

a Pennsylvania nonprofit non-stock corporation,

and

HIGHMARK HEALTH

a Pennsylvania nonprofit non-stock corporation

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AGREEMENT OF MERGER

THIS AGREEMENT OF MERGER ("Agreement") dated as of February 18, 2014 is made among Hospital Service Association of Northeastern Pennsylvania d/b/a Blue Cross of Northeastern Pennsylvania, a Pennsylvania nonprofit non-stock corporation ("BCNEPA"), Highmark Inc. (f/k/a "Highmark Health Services"), a Pennsylvania nonprofit non-stock corporation ("Highmark"), and Highmark Health, a Pennsylvania nonprofit non-stock corporation organized as a charitable organization exempt from the payment of federal income tax pursuant to Section 501(c)(3) of the Code, and the parent entity of Highmark ("Highmark Health").

BACKGROUND

A. The respective Boards of Directors of BCNEPA and Highmark have each deemed it advisable and in the best interests of each corporation that, at the Closing of the transactions set forth in this Agreement, BCNEPA should be merged with and into Highmark, which would be the surviving corporation (as set forth in the Pennsylvania Nonprofit Corporation Law of 1988, 15 Pa.C.S.A. Subchapter C, §§5101 et seq. (the "PaNCL")), and which would continue as a domestic nonprofit corporation (the "Merger").

B. The Merger of BCNEPA into Highmark will be effected pursuant to and in accordance with Subchapter C of the PaNCL.

C. In furtherance thereof, the Boards of Directors of BCNEPA and Highmark have approved and adopted this Agreement and the related Plan of Merger and have each directed that the same be submitted to the members of each of BCNEPA and Highmark for adoption as provided herein and pursuant to Section 5922 of the PaNCL.

D. It is intended that Highmark, as the surviving corporation in the Merger, will succeed to all licenses held by BCNEPA, including without limitation any certificates of authority or licenses issued by the Commonwealth of Pennsylvania to operate as a hospital plan corporation pursuant to 40 Pa.C.S. §§ 6101 et seq. and that Highmark Health will become the primary licensee of the Blue Cross Blue Shield Association (the "BCBSA") of each of the marks as to which BCNEPA is the licensee immediately prior to the Merger (the "BCBSA Marks"), with Highmark operating in the BCNEPA Service Area as a "controlled affiliate" (as defined in the rules and regulations of the BCBSA) of Highmark Health.

E. In addition, it is a condition precedent to the Closing and the effectiveness of the Merger that BCNEPA will dispose of AllOne Health Group, Inc., a Pennsylvania corporation and wholly owned subsidiary of BCNEPA ("AHG"), and Health Resources Corporation, a Massachusetts corporation and wholly owned subsidiary of AHG ("HRC"), as set forth in Section 5.3(d). Additionally, prior to the Effective Time, all of the outstanding capital stock of AllOne Health Management Solutions, Inc., a Pennsylvania corporation and wholly owned subsidiary of AHG ("HMS"), and of AllOne Health Services, Inc., a Pennsylvania corporation and wholly owned subsidiary of AHG ("AHS"), will be distributed by AHG to BCNEPA as set forth in Section 5.3(d) so that HMS and AHS will be owned by BCNEPA at the Effective Time.

F. It is the intention and understanding of the parties hereto that the Merger will constitute a reorganization within the meaning of §368(a) of the Code.

G. Certain capitalized terms used in this Agreement have the meanings set forth in Section 8.14 of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1
THE MERGER

1.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the PaNCL, at the Effective Time, BCNEPA will be merged with and into Highmark, which shall be the surviving corporation and which shall continue as a nonprofit non-stock Pennsylvania corporation under the PaNCL (such surviving corporation, the "Surviving Corporation").

1.2 Closing. Subject to the terms and conditions hereof, the closing of the Merger and the other transactions set forth in this Agreement (the "Closing") shall take place not later than the tenth (10^{th}) Business Day after the conditions set forth in ARTICLE 5 (other than any such conditions which by their terms cannot be satisfied until the Closing Date) have been satisfied or waived (subject to applicable Law), unless another time or date is agreed to in writing by the parties hereto (the actual time and date of the Closing being referred to herein as the "Closing Date"). The parties hereby agree to either (a) hold the Closing at the headquarters offices of Highmark at Fifth Avenue Place, 120 Fifth Avenue, Pittsburgh, Pennsylvania 15222-3099 at 10:00 AM or at such other place and time agreed to in writing by the parties hereto prior to the Closing Date, or (b) effectuate a "virtual" Closing via facsimile and other electronic transmission of signature pages and other required Closing deliveries.

1.3 Effective Time. At the Closing, the parties shall file articles of merger in the form attached to this Agreement as Exhibit A (the "Articles of Merger") and executed in accordance with the PaNCL, and shall maintain on file at the principal place of business of the Surviving Corporation located at 120 Fifth Avenue, Pittsburgh, Pennsylvania 15222-3099, the plan of merger referred to therein in the form attached to this Agreement as Exhibit A-1 (the "Plan of Merger") and this Agreement. The Merger shall become effective at such time as the Articles of Merger are duly filed with the Secretary of State of the Commonwealth of Pennsylvania, or at such subsequent time as BCNEPA and Highmark agree and as is specified in the Articles of Merger (the date and time the Merger becomes effective being the "Effective Time").

1.4 Effects of the Merger. At and after the Effective Time, the Merger shall have the effects set forth in the PaNCL. Without limiting the generality of the foregoing, at the Effective Time, without further act or deed, the separate corporate existence of BCNEPA shall cease, and all the property, rights, privileges, powers and franchises and all choses in action of BCNEPA shall be vested in Highmark as the Surviving Corporation, and all debts, liabilities and duties of BCNEPA shall be the debts, liabilities and duties of Highmark as the Surviving Corporation.

1.5 Articles of Incorporation. For the avoidance of doubt, the articles of incorporation of Highmark (as the Surviving Corporation) as in effect immediately prior to the Effective Time shall be unchanged by the Merger until thereafter changed or amended as provided therein, in this Agreement or by applicable Law.

1.6 Bylaws; Board Representation. At the Effective Time, the fourth amended and restated bylaws of Highmark as the Surviving Corporation in the form attached to this Agreement as Exhibit B shall be the bylaws of the Surviving Corporation (the "Surviving Corporation Bylaws"), until thereafter changed or amended or repealed as provided therein or by applicable Law. The Surviving Corporation Bylaws set forth provisions that shall become effective at the Effective Time establishing, among other matters, (a) four (4) Class A Directors, with the initial Class A Directors designated and elected in accordance with the following sentence, and (b) an Advisory Board with respect to the Acquired Business following the Effective Time, the initial members of which shall include the fifteen (15) members (excluding any ex officio member) of the Board of Directors of BCNEPA immediately prior to the Effective Time (such initial members, or their successors appointed in accordance with the Surviving Corporation Bylaws, the "BCNEPA Advisory Board Representatives"). The initial four (4) Class A Directors shall consist of individuals who are members of the Board of Directors of BCNEPA immediately prior to the Effective Time who are designated by the Board of Directors of BCNEPA and, subject to the approval of Highmark Health, who are elected prior to the Effective Time as Class A Directors by Highmark Health, effective as of the Effective Time.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of BCNEPA. BCNEPA represents and warrants to Highmark as follows:

(a) Organization, Standing and Power; Subsidiaries.

(i) BCNEPA is a nonprofit, non-stock corporation duly incorporated and subsisting under the laws of the Commonwealth of Pennsylvania and has the corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. BCNEPA is duly qualified to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, except where the failure to be so qualified would not have a Material Adverse Effect on BCNEPA. Each Subsidiary of BCNEPA is a corporation or other Person duly incorporated or organized, as applicable, and in good standing or subsisting, as applicable, under the laws of its respective jurisdiction of incorporation or organization, and has the corporate or other organizational power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each Subsidiary of BCNEPA is duly qualified to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, except where the failure to be so qualified would not have a Material Adverse Effect on such Subsidiary. The copies of the Organizational Documents of BCNEPA and its Subsidiaries, which were previously made available to Highmark, are true, complete and correct copies of such documents as in effect on the date of this Agreement.

(ii) Exhibit C to this Agreement sets forth a list of all the Subsidiaries of BCNEPA, the type of entity that each such Subsidiary constitutes, and the state or other jurisdiction in which each such Subsidiary is incorporated or organized. Except as set forth on the BCNEPA Disclosure Letter, all the outstanding shares of capital stock of, or other equity or membership interests in, each of BCNEPA's Subsidiaries held by BCNEPA, directly or indirectly, have been validly issued and are fully paid and nonassessable and are owned directly or indirectly by BCNEPA, free and clear of all Liens other than Permitted Liens (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other ownership interests or any

restriction on a change in control of such Subsidiary). Neither BCNEPA nor any of its Subsidiaries directly or indirectly owns any equity, membership or ownership interest in, or any interest convertible into or exchangeable or exercisable for, any corporation, partnership, joint venture or other business association or entity, except as set forth on the BCNEPA Disclosure Letter.

(iii) Except as set forth on the BCNEPA Disclosure Letter, there are no securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which BCNEPA or any of its Subsidiaries is a party or by which any of them is bound obligating BCNEPA or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, any shares of capital stock or other voting securities of BCNEPA or any of its Subsidiaries or obligating BCNEPA or any of its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. Except as set forth on the BCNEPA Disclosure Letter, there are no outstanding obligations of BCNEPA or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of any of BCNEPA's Subsidiaries.

(iv) BCNEPA is authorized to conduct business as a nonprofit hospital plan corporation under 40 Pa.C.S. § 6101 et seq.

(v) Except for the Foundation and as otherwise set forth on the BCNEPA Disclosure Letter, there are no foundations, trusts or other non-profit organizations with respect to which BCNEPA has the power to appoint one or more directors, managers, trustees or other members of the governing board thereof.

(b) Authority; No Conflicts.

(i) Other than the Member Approval, BCNEPA has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions set forth herein. Other than the Member Approval, the execution and delivery of this Agreement and the consummation of the transactions set forth herein have been duly authorized by all necessary corporate action on the part of BCNEPA. This Agreement has been duly executed and delivered by BCNEPA and, assuming that this Agreement constitutes a valid and binding obligation of Highmark, constitutes a valid and binding obligation of BCNEPA, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

(ii) Subject to obtaining the BCNEPA Governmental Consents and except as set forth on the BCNEPA Disclosure Letter, the execution, delivery and performance of this Agreement by BCNEPA do not, and the consummation by BCNEPA of the Merger and the other transactions set forth herein will not, in any material respect for subsections (B) and (C) below, conflict with, or result in any violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, amendment, cancellation or acceleration of any obligation or the loss of a material benefit under, or the creation of a Lien (other than Permitted Liens) on any assets (any such conflict, violation, default, right of termination, amendment, cancellation or acceleration, or creation being hereinafter referred to as a "Violation"), or require the consent or approval of any Third Party, pursuant to:

(A) any provision of the Organizational Documents of BCNEPA or any Subsidiary of BCNEPA;

(B) any Law applicable to BCNEPA or any Subsidiary of BCNEPA, or their respective properties or assets; or

(C) any BCNEPA Material Contract.

(iii) Subject to obtaining the BCNEPA Governmental Consents, no material consent, approval, order or authorization of, or material registration, declaration or filing by BCNEPA or any Subsidiary of BCNEPA with, any Governmental Entity is required to be obtained or made by BCNEPA or any Subsidiary of BCNEPA as a result of the execution, delivery and performance of this Agreement by BCNEPA. For the purposes of this Agreement, the term "BCNEPA Governmental Consents" means any and all material consents, approvals, orders, authorizations, registrations, declarations and filings set forth on the BCNEPA Disclosure Letter required to be obtained or made by BCNEPA or any Subsidiary of BCNEPA pursuant to applicable Laws.

(c) Reports and Financial Statements.

(i) (A) The audited consolidated balance sheets and consolidated statements of income, changes in reserves and cash flows of BCNEPA and its Subsidiaries as of and for the twelve months ended December 31, 2012 (together with the related notes, the "BCNEPA Audited Financial Statements"), and (B) the unaudited consolidated balance sheets and statements of income, changes in reserves and cash flows of BCNEPA and its Subsidiaries as of and for the 12 month period ended December 31, 2013 (the "BCNEPA Interim Financial Statements" and together with the BCNEPA Audited Financial Statements, the "BCNEPA Financial Statements") have been provided to Highmark.

(ii) The BCNEPA Financial Statements fairly present, in all material respects, the consolidated financial position and results of operations and cash flows of BCNEPA and its Subsidiaries as of the respective dates or for the respective periods set forth therein, all in conformity with GAAP applied on a consistent basis throughout the periods involved except as otherwise noted therein, and subject, in the case of the unaudited BCNEPA Interim Financial Statements, to normal year-end audit adjustments, none of which will be, individually or in the aggregate, material to BCNEPA and its Subsidiaries, taken as a whole, and the lack of footnote disclosure. The consolidating schedules fairly present, in all material respects, the financial position and results of operations of each of BCNEPA's consolidated Subsidiaries for the periods covered thereby. The BCNEPA Financial Statements have been derived from and are consistent, in all material respects, with BCNEPA's books and records.

(iii) Except: (A) to the extent reflected in the most recent consolidated balance sheet of BCNEPA included in the BCNEPA Financial Statements; (B) as set forth on the BCNEPA Disclosure Letter; (C) incurred in the ordinary course of business since the date of the balance sheet referred to in the preceding clause (A); or (D) as would not be required to be accrued or reserved for on a balance sheet prepared in accordance with GAAP, BCNEPA and its Subsidiaries do not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due.

(iv) BCNEPA and each of BCNEPA's Subsidiaries have timely filed: (A) all material reports, registrations, schedules, forms, statements and other documents, together with any material amendments required to be made with respect thereto, that they were required to file since January 1, 2009 with the PID and BCBSA; and (B) any other material reports, registrations, schedules, forms, statements or other documents, together with any material amendments required to be made with respect thereto, that they were required to file since January 1, 2009 with any other Governmental Entity (other than any Tax return), and have paid all material fees and assessments due and payable in connection therewith, other than any such fees and assessments being contested in good faith.

(v) Except as set forth on the BCNEPA Disclosure Letter, neither BCNEPA nor any of its Subsidiaries has in place (A) any obligations under guarantee contracts, retained or contingent interests in assets transferred to an unconsolidated entity or similar arrangements serving as credit, liquidity or market risk supports to such an entity for such assets, other than guarantees between and among BCNEPA and its Subsidiaries; (B) any obligations arising out of a variable interest in an unconsolidated entity that is held by BCNEPA or any of its Subsidiaries, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with, BCNEPA or such Subsidiary; and (C) any other material off-balance sheet arrangements.

(d) Statutory Financial Statements. The only state insurance department or insurance regulatory authority with which BCNEPA is required to file annual statements and/or quarterly statements is the PID (the "BCNEPA State Agencies"). Except as otherwise set forth therein, the annual statements and the quarterly statements filed by BCNEPA with the BCNEPA State Agencies for the years ended December 31, 2009 through 2012, and for each quarterly and annual period ending after December 31, 2012 filed, or which will be filed, prior to the Effective Time (the "BCNEPA State Agency Filings") and the statutory balance sheets and income statements included in such BCNEPA State Agency Filings, as of the date of the applicable filing, fairly present, in all material respects, the statutory financial condition and results of operations of BCNEPA or such Subsidiaries, as applicable, as of the date and for the periods indicated therein, and have been prepared, in all material respects, in accordance with applicable statutory accounting principles (except, in the case of unaudited quarterly statements, as indicated in the notes thereto) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto and the statutory reports and related actuarial opinions for BCNEPA or its Subsidiaries), and subject, in the case of unaudited quarterly statements, to normal year-end audit adjustments, none of which is, individually or in the aggregate, material to BCNEPA and its Subsidiaries, taken as a whole, and the lack of footnote disclosure.

(e) Controls and Procedures.

(i) Since January 1, 2011, neither BCNEPA nor to the knowledge of BCNEPA, any director, officer, auditor, accountant or representative of BCNEPA or its Subsidiaries has received any complaint or claim that the accounting or auditing practices, procedures or methodologies of BCNEPA or its Subsidiaries are not in compliance, in any material respect, with GAAP or its respective internal accounting controls.

(ii) Except as set forth on the BCNEPA Disclosure Letter, since January 1, 2011, neither BCNEPA nor any of its Subsidiaries has received written notice from any Governmental Entity that any of its accounting policies or practices are the subject of any review,

inquiry, investigation or challenge by any Governmental Entity. Since January 1, 2011, no public accounting firm of BCNEPA or any of its Subsidiaries has informed BCNEPA or such Subsidiary, in writing, that it has any disagreements (within the meaning of Item 304 of Regulation S-K of the Securities and Exchange Commission) with respect to the accounting policies or practices, financial statement disclosure or auditing scope or procedure of BCNEPA or such Subsidiary. Since January 1, 2011, no outside actuary of BCNEPA or any of its Subsidiaries has informed BCNEPA or such Subsidiary, in writing, that it has any disagreements (within the meaning of Item 304 of Regulation S-K of the Securities and Exchange Commission) with respect to the policies or practices of BCNEPA or such Subsidiary respecting loss reserves or other actuarial amounts.

(f) Board Approval. The Board of Directors of BCNEPA, by resolutions duly approved and adopted at a meeting duly called and held and not subsequently rescinded or modified in any way, has approved and adopted this Agreement and the transactions set forth herein, including the Merger.

(g) Ownership of Property. The BCNEPA Disclosure Letter sets forth a list of all the real property owned by BCNEPA or its Subsidiaries. BCNEPA and its Subsidiaries hold good title to, or otherwise have a valid leasehold or license interest in, all material assets and properties, whether tangible or intangible, included in the Acquired Business, subject to no Liens other than Permitted Liens. BCNEPA and its Subsidiaries have the right under leases of real properties used by them in the conduct of their respective businesses to occupy and use all such properties as presently occupied and used by each of them for the remainder of the applicable lease term in effect on the date thereof.

(h) Litigation. Except as set forth on the BCNEPA Disclosure Letter, there is no suit, action or proceeding pending or, to the knowledge of BCNEPA, threatened against BCNEPA or any Subsidiary of BCNEPA, or pursuant to which BCNEPA or its Subsidiaries may be required to respond, which, if decided adversely to BCNEPA, would be material to BCNEPA and its Subsidiaries, taken as a whole. To the knowledge of BCNEPA, there is no pending investigation against BCNEPA or its Subsidiaries which, if decided adversely to BCNEPA, would be material to BCNEPA and its Subsidiaries, taken as a whole.

(i) Permits; Compliance with Laws.

(i) BCNEPA and its Subsidiaries hold all material permits, licenses and approvals of all Governmental Entities necessary for the operation of the businesses of BCNEPA and its Subsidiaries, taken as a whole (the "BCNEPA Permits"). BCNEPA and its Subsidiaries are in compliance in all material respects with the terms of the BCNEPA Permits.

(ii) The businesses of BCNEPA and its Subsidiaries are not being conducted in material violation of, and BCNEPA has not received any notices of material violations with respect to, any applicable Law.

(iii) BCNEPA is in compliance in all material respects with the rules, regulations and policies of BCBSA.

(iv) BCNEPA and its Subsidiaries are in compliance in all material respects with the terms and conditions of their respective Contracts with all Government Entities, and neither BCNEPA nor any of its Subsidiaries has received any written notice from any

Governmental Entity that BCNEPA or such Subsidiary is not in compliance in any material respect with any such Contract.

(j) Absence of Certain Changes or Events. Except as set forth on the BCNEPA Disclosure Letter, since the date of the most recent balance sheet included in the BCNEPA Interim Financial Statements:

(i) BCNEPA and its Subsidiaries have conducted their businesses only in the ordinary course consistent with past practice, except as otherwise set forth in or permitted by this Agreement;

(ii) there has not been any change, circumstance or event which has had, or would reasonably be expected to have, a Material Adverse Effect on BCNEPA;

(iii) BCNEPA has collected its accounts receivable and paid its accrued liabilities and accounts payable in the ordinary course consistent with past practice; and

(iv) Neither BCNEPA nor any of its Subsidiaries has, except as otherwise set forth in or permitted by this Agreement:

(A) amended its Organizational Documents;

(B) completed or entered into an affiliation, member substitution, merger, consolidation, business combination or other similar transaction with any other Person (other than as contemplated by this Agreement);

(C) adopted a plan of liquidation, dissolution, restructuring, recapitalization or other reorganization;

(D) sold all or substantially all its assets to any other Person;

(E) issued, delivered, sold, pledged, disposed of or encumbered, or authorized or committed to the issuance, sale, pledge, disposition or encumbrance of, any membership interest of, any shares of capital stock of any class of, or any options, warrants, convertible securities or other rights of any kind to acquire any membership interest, any shares of capital stock, or any other ownership interest (including but not limited to stock appreciation rights or phantom stock) of, BCNEPA or any of its Subsidiaries;

(F) declared, set aside, made or paid any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock, other than dividends payable by a directly or indirectly wholly owned Subsidiary of BCNEPA to BCNEPA or to another directly or indirectly wholly owned Subsidiary of BCNEPA, or reclassified, combined, split, subdivided or redeemed, purchased or otherwise acquired, directly or indirectly, any of its capital stock, stock options or debt securities;

(G) acquired (by acquisition of stock or assets) any interest, or invested, in any Person, except investments of reserve portfolio assets or

assets of employee benefit plans in the ordinary course of business and in accordance with its investment policy;

(H) modified its investment policies or investment practices in any material respect except as may be required by applicable Law;

(I) other than in connection with investments of reserves in compliance with BCNEPA's investment policy, transferred, sold, leased, mortgaged, or otherwise disposed of or subjected to any Lien (other than Permitted Liens) any of its assets that were required to be disclosed on the balance sheet included as part of the BCNEPA Interim Financial Statements, including capital stock or other equity interests of its Subsidiaries;

(J) made any material change to the accounting practices or principles, or reserving or underwriting practices or principles used by BCNEPA, except as required as a result of a change in Law, GAAP, or statutory accounting or actuarial principles;

(K) made any material Tax election or settled any material federal, state, local or foreign Tax liability, changed any method of Tax accounting in any material respect, entered into any closing agreement relating to any material amount of Tax, or surrendered any right to claim a material Tax refund;

(L) experienced any material damage, destruction or loss (whether or not covered by insurance) to its assets of property (tangible or intangible);

(M) repaid, retired, forgiven, canceled, waived or released any indebtedness for borrowed money (other than under any existing line of credit and any renewal, replacement or extension thereof);

(N) settled any previously pending or threatened suit, action or claim;

(O) entered into any Contract to grant any severance, change in control, termination or similar compensation or benefits payable to any employee, or materially increased compensation of employees of BCNEPA in excess of the aggregate budgeted amount for compensation approved by the Board of Directors of BCNEPA;

(P) made any commitment for capital expenditures in excess of the aggregate budgeted amount approved by the Board of Directors of BCNEPA; or

(Q) approved, agreed to or committed to any of the foregoing.

(k) Taxes.

(i) BCNEPA and each of its Subsidiaries: (1) have prepared and duly and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by any of them, and all such filed Tax Returns are complete and accurate in all material respects; (2) have paid all material Taxes that are shown as due and payable on such filed Tax Returns or that BCNEPA or any of its Subsidiaries are obligated to pay without the filing of a Tax Return; (3) have paid all other material assessments received to date in respect of Taxes other than those being contested in good faith or for which provision has been made in accordance with GAAP on the most recent consolidated balance sheet of BCNEPA included in the BCNEPA Financial Statements; (4) have withheld from amounts owing to any employee, creditor or other Person all Taxes required by Law to be withheld and have paid over to the proper Governmental Entity in a timely manner all such withheld amounts to the extent due and payable; (5) have not waived any applicable statute of limitations with respect to United States federal or state income or franchise Taxes and have not otherwise agreed to any extension of time with respect to a United States federal or state income or franchise Tax assessment or deficiency, which waiver or extension is still outstanding; (6) except as set forth on the BCNEPA Disclosure Letter, are not parties to any agreements with any taxing authority, including any payment in lieu of taxes-type agreements regarding real property or occupancy type taxes or otherwise; (7) have never been members of any consolidated group for United States federal income tax purposes other than the consolidated group of which BCNEPA is the common parent; and (8) are not parties to any tax sharing agreement or arrangement other than with each other.

(ii) Except as would not have a Material Adverse Effect on BCNEPA and its Subsidiaries, taken as a whole, no Liens for Taxes exist with respect to any of the assets or properties of BCNEPA or its Subsidiaries, except for statutory Liens for Taxes not yet due or payable or that are being contested in good faith or are reserved for in the most recent consolidated balance sheet of BCNEPA included among the BCNEPA Financial Statements.

(iii) Except as set forth on the BCNEPA Disclosure Letter, there are not being conducted or, to the knowledge of BCNEPA, threatened any material audits, examinations, investigations, litigation, or other proceedings in respect of Taxes of BCNEPA or any Subsidiary; and none of BCNEPA or its Subsidiaries has any deferred intercompany transactions or material deferred gains created by any other transaction, or has any material excess loss accounts. BCNEPA does not have knowledge of any fact or circumstance that would reasonably be expected to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(iv) Except as set forth on the BCNEPA Disclosure Letter, neither BCNEPA nor any of its Subsidiaries is a party to any contract, agreement, plan or other arrangement that, individually or collectively, would give rise to the payment of any amount which would not be deductible by reason of Section 280G of the Code or would give rise to an excise Tax pursuant to Section 4999 of the Code.

(v) Neither BCNEPA nor any of its Subsidiaries has been a target corporation or target affiliate in a qualified stock purchase within the meaning of Section 338 of the Code (or any predecessor provision) nor, since January 1, 2008, has BCNEPA or any of its Subsidiaries been a "distributing corporation" or a "controlled corporation" within the meaning of Section 355 of the Code.

(vi) Except as set forth on the BCNEPA Disclosure Letter, neither BCNEPA nor any of its Subsidiaries has made a change in the method of accounting for a taxable year beginning on or before the Closing Date, which would require any of them to include any adjustment under Section 481(a) of the Code in taxable income of any taxable year, or portion thereof, beginning on or after the Closing Date.

(vii) Neither BCNEPA nor any of its Subsidiaries will be required as a result of any "closing agreement," as described in Section 7121 of the Code, to include any item of income or exclude any item of deduction from any taxable period (or portion thereof) beginning after the Closing.

(viii) Neither BCNEPA nor any of its Subsidiaries has engaged in any reportable transactions that were required to be disclosed pursuant to Treasury Regulation Section 1.6011-4 or any predecessor of Treasury Regulation Section 1.6011-4. Neither BCNEPA nor any of its Subsidiaries has been a "material advisor" or "promoter" (as those terms are defined in Section 6111 and 6112 of the Code and Treasury Regulations promulgated thereunder or similar or comparable provision of state, local or foreign Law) in (A) any "reportable transaction" within the meaning of section 6011 of the Code and Treasury Regulations promulgated thereunder or similar or comparable provision of state, local or foreign Law, (B) any "confidential corporate tax shelter" within the meaning of Section 6011 of the Code and Treasury Regulations promulgated thereunder or similar or comparable provision of state, local or foreign Law, or (C) any "potentially abusive tax shelter" within the meaning of Section 6112 of the Code and the Treasury Regulations promulgated thereunder or similar or comparable provision of state, local or foreign Law.

(ix) There is currently no limitation on the utilization of net operating losses, capital losses, built-in losses, tax credits or similar items of BCNEPA or any of its Subsidiaries under Section 269, 382, 383, 384 or 1502 of the Code and the Treasury Regulations thereunder (and comparable provisions of state, local or foreign law).

(x) Neither BCNEPA nor any of its Subsidiaries has any deferred intercompany transactions within the meaning of Treasury Regulations Section 1.1502-13 with obligations that are still outstanding and neither BCNEPA nor any of its Subsidiaries has an excess loss in the stock or equity of any entity as contemplated in Treasury Regulations Section 1.1502-19.

(xi) Neither BCNEPA nor any of its Subsidiaries has received written notice from the IRS that BCNEPA’s status as an existing Blue Cross or Blue Shield organization under Section 833 of Code is being challenged. To the knowledge of BCNEPA, no material change in its operation or structure as provided in Section 833(c)(2)(C) of the Code has occurred as of the date of this Agreement.

(xii) Neither BCNEPA nor any of its Subsidiaries constitutes a life insurance company within the meaning of Section 816(a) of the Code.

(xiii) Neither BCNEPA nor any of its Subsidiaries has any life insurance gross income within the meaning of Section 803(a) of the Code.

(xiv) Except term life insurance policies disclosed in the BCNEPA Disclosure Letter, neither BCNEPA nor any of its Subsidiaries owns any life insurance policies on any of its officers or members of the boards of directors.

(l) Reserves. The loss reserves and other actuarial amounts of BCNEPA and its Subsidiaries in the BCNEPA Financial Statements, the BCNEPA State Agency Filings and all other statutory reports as of the date of the applicable report or filing: (i) were determined in all material respects in accordance with actuarial standards generally accepted in the insurance industry, consistently applied (except as otherwise noted in the BCNEPA Financial Statements or such filings or reports), (ii) were fairly stated in all material respects in accordance with sound actuarial principles, (iii) satisfied all applicable Laws and applicable requirements of BCBSA in all material respects and have been computed on the basis of methodologies consistent in all material respects with those used in computing the corresponding reserves in the prior fiscal years, except as otherwise noted in the BCNEPA Financial Statements or the BCNEPA State Agency Filings, and (iv) include provisions for all actuarial reserves and related items which were required to be established in accordance with applicable Laws. Except as set forth on the BCNEPA Disclosure Letter, BCNEPA has no knowledge of any facts or circumstances which would require any material change in the statutorily required loss reserves that were required to be reflected in the most recent consolidated balance sheet of BCNEPA included in the BCNEPA Financial Statements, other than increases in the ordinary course of business. The RBC of BCNEPA is, as of the date of this Agreement, not less than 375%; and the RBC of BCNEPA and each of its BCBSA-licensed Subsidiaries is, as of the date of this Agreement, not less than that required by BCBSA to avoid financial monitoring by BCBSA.

(m) Affiliate Transactions.

(i) Except: (A) as set forth in the BCNEPA Disclosure Letter (which also sets forth the compensation practices, health insurance benefit practices and expense reimbursement policy historically applicable to the members of the BCNEPA Board of Directors), (B) agreements described in or disclosed pursuant to subsection (m)(ii) below; or (C) employment, consulting or similar agreements providing for annual compensation (inclusive of base compensation, target bonus and any other cash compensation) to an officer or director not in excess of $100,000, there are no Contracts, commitments or loans that are currently in effect (including without limitation the payment of salaries, director fees, consulting fees or other compensation) between BCNEPA or any of its Subsidiaries, on the one hand, and any officer or director of BCNEPA or any of its Subsidiaries, on the other hand.

(ii) Except: (A) as set forth on the BCNEPA Disclosure Letter; or (B) at-will employment Contracts between BCNEPA or any of its Subsidiaries, on the one hand, and any officer or employee of BCNEPA or any of its Subsidiaries, on the other hand, there are no Contracts that are currently in effect between BCNEPA or any of its Subsidiaries, on the one hand, and any director, officer or employee of BCNEPA or such Subsidiary, or, to the knowledge of BCNEPA, any Affiliates of the foregoing, on the other hand, the terms of which provide for employment for a term in excess of one (1) year or total annual compensation (inclusive of base compensation, target bonus, and any other cash compensation, and including any contingent payment or compensation and any compensation or payment that may result from the execution and delivery of this Agreement or the consummation of the transactions set forth in this Agreement) in excess of $100,000.

(iii) Except as set forth on the BCNEPA Disclosure Letter, to the knowledge of BCNEPA, there are no Contracts, commitments or loans that are currently in effect between BCNEPA or any of its Subsidiaries, on the one hand, and any Affiliate of any officer, director or employee of BCNEPA or any of its Subsidiaries, on the other hand.

(n) Environmental Matters.

(i) Except as set forth on the BCNEPA Disclosure Letter: (1) the operations of BCNEPA and its Subsidiaries are in compliance in all material respects with all applicable Environmental Laws and with all Environmental Permits; (2) there are no pending or, to the knowledge of BCNEPA, threatened actions, suits or other proceedings pursuant to Environmental Laws against BCNEPA or its Subsidiaries or, to the knowledge of BCNEPA, involving any real property currently or formerly owned, operated or leased by BCNEPA or its Subsidiaries that if determined adversely to BCNEPA or its Subsidiaries would be material to BCNEPA and its Subsidiaries, taken as a whole; (3) to the knowledge of BCNEPA, neither BCNEPA nor its Subsidiaries have any Environmental Liabilities; and (4) to the knowledge of BCNEPA, (x) no release, discharge, spillage or disposal of any Hazardous Material and (y) no soil, water or air contamination by any Hazardous Material has occurred or is occurring in, from or on such premises, in each case, in violation of Environmental Laws that would result in material Environmental Liabilities of BCNEPA.

(ii) As used in this Agreement:

(A) "Environmental Laws" means any and all Laws regulating, relating to or imposing liability or standards of conduct concerning protection of the environment or of human health, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Clean Water Act, 33 U.S.C. §§ 1251 et seq., the Clean Air Act, 42 U.S.C. §§ 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq., and the Oil Pollution Act of 1990, 33 U.S.C. §§ 2701 et seq., as such laws have been amended or supplemented, and the regulations promulgated pursuant thereto;

(B) "Environmental Liabilities" with respect to any Person means any and all liabilities or penalties of or relating to such Person (including any entity which is, in whole or in part, a predecessor of such Person), whether vested or unvested, contingent or fixed, which (A) arise due to a violation of applicable Environmental Laws and (B) relate to actions occurring or conditions existing on or prior to the Closing Date;

(C) "Environmental Permits" means any and all material permits, consents, licenses, approvals, registrations, exemptions and other authorizations required under any applicable Environmental Law; and

(D) "Hazardous Materials" means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products, polychlorinated biphenyls, urea-formaldehyde insulation, asbestos, pollutants,

contaminants, and any other substances of any kind, whether or not any such substance is defined as hazardous or toxic under any Environmental Law, that is regulated pursuant to any applicable Environmental Law, but excluding any naturally occurring substances that are present in the environment as a result of natural processes.

(o) Intellectual Property.

(i) Except as set forth on the BCNEPA Disclosure Letter (1) BCNEPA and each of its Subsidiaries owns, is licensed or otherwise has the right to use (in each case, free and clear of any Liens other than Permitted Liens), all Intellectual Property necessary for the conduct of their respective businesses as currently conducted; (2) the use of any Intellectual Property by BCNEPA and its Subsidiaries is in accordance with any applicable license pursuant to which BCNEPA or such Subsidiary acquired the right to use such Intellectual Property and, to the knowledge of BCNEPA, does not infringe on or otherwise violate the rights of any Person; (3) to the knowledge of BCNEPA, no Person is challenging or infringing on or otherwise violating any right of BCNEPA or any of its Subsidiaries with respect to any Intellectual Property owned by BCNEPA or its Subsidiaries; (4) since January 1, 2011, neither BCNEPA nor any of its Subsidiaries has received any written notice of any claim that any material Intellectual Property used by BCNEPA or any of its Subsidiaries violates the rights of a third party and no material Intellectual Property owned by BCNEPA or any of its Subsidiaries is being used or enforced by BCNEPA or its Subsidiaries in a manner that would result in the abandonment, cancellation, unenforceability, revocation, or other loss of rights in or to such Intellectual Property; and (5) BCNEPA and each of its Subsidiaries has taken commercially reasonable measures (including any measures required by applicable Law) to protect the secrecy and confidentiality of all confidential information that BCNEPA or any of its Subsidiaries owns or which is necessary for the conduct of its respective business as currently conducted, and to the knowledge of BCNEPA, such confidential information has not been used by or disclosed to any Person as a result of actions by BCNEPA except pursuant to valid and appropriate non-disclosure and/or license agreements with BCNEPA. All of the IT Assets (A) developed by and currently used by BCNEPA and/or any of its Subsidiaries, and (B) not otherwise previously conveyed to any other Person, have been developed by employees of BCNEPA within the scope of their employment or by independent contractors of BCNEPA or its Subsidiaries, and such independent contractors have, to the extent any works they developed did not constitute a "work made for hire" under U.S. Copyright law, executed an agreement expressly assigning or agreeing to assign to BCNEPA all of their right, title and interest in any inventions (whether or not patentable) and works of authorship, invented, created, developed, conceived and/or reduced to practice within the scope of such employee's employment with or independent contractor's work for BCNEPA or its Subsidiaries, and all of their Intellectual Property rights therein.

(ii) As used in this Agreement:

(A) "Intellectual Property" means trademarks, service marks, brand names, internet domain names, certification marks, trade dress and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; inventions and discoveries, whether patentable or not, in any jurisdiction; patents, applications for patents (including divisions, continuations,

continued prosecution applications, continuations in part and renewal applications), and any renewals, extensions or reissues thereof, in any jurisdiction; trade secrets, confidential information and know-how, and rights in any jurisdiction to limit the use or disclosure thereof by any Person; writings, compilations, databases and other works, whether copyrightable or not, in any jurisdiction; registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; and

(B) "IT Assets" means, with respect to a Person, all computer software, source codes, firmware, middleware, and all associated documentation, which are necessary for the conduct of the business of that Person as currently conducted.

(p) BCNEPA Material Contracts.

(i) The BCNEPA Disclosure Letter sets forth, as of the date hereof, each of the following Contracts to which BCNEPA or any of its Subsidiaries is a party or by which it is bound (collectively, the "BCNEPA Material Contracts"):

(A) A generic listing of the twenty (20) largest providers and customers (measured in terms of aggregate payouts to or receipts from such provider or customer (as applicable) in the prior two fiscal years);

(B) any promissory note, loan agreement, indenture, evidence of indebtedness or other instrument providing for the lending of money, whether as borrower, lender or guarantor, in amounts greater than $500,000;

(C) any contract or other agreement expressly restricting the payment of dividends by any Subsidiary of BCNEPA or the repurchase of capital stock or other equity security of any Subsidiary of BCNEPA, other than those certain Shareholders Agreements among BCNEPA, Highmark and HMO of Northeastern Pennsylvania, Inc. ("FPH"), dated as of April 29, 2005, as amended, and among BCNEPA, Highmark and First Priority Life Insurance Company, Inc. ("FPLIC"), dated as of April 29, 2005, as amended (collectively, the "Shareholders Agreements");

(D) any collective bargaining contract;

(E) any joint venture, partnership agreement or other similar agreement, other than the Shareholders Agreements;

(F) any contract for the pending acquisition, directly or indirectly (by merger or otherwise), of any entity or business;

(G) any contract, agreement or policy for reinsurance involving insurance premiums assumed by BCNEPA or any of its Subsidiaries of greater than $1,000,000;

(H) (1) any real estate lease and (2) any lease for personal property requiring aggregate payments during the remainder of the then current term

thereof (excluding any future automatic renewal terms if BCNEPA or a Subsidiary, as applicable, may prevent such automatic renewal by giving prior notice to the other party thereto ("Evergreen Renewals")) in excess of $500,000, in each case not cancelable by BCNEPA (without premium or penalty) within 12 months;

(I) any license with respect to any IT Assets requiring aggregate payments during the remainder of the then current term thereof (excluding Evergreen Renewals) in excess of $500,000 (other than routine off the shelf licenses generally available to the public);

(J) any agreement with a Governmental Entity involving payments or receipts in excess of $100,000 in any calendar year, other than customer and provider Contracts entered into in the ordinary course of business;

(K) any non-competition agreement or any other agreement or arrangement that by its express terms (1) materially limits or otherwise materially restricts BCNEPA or any of its Subsidiaries or any successor thereto or (2) would, after the Effective Time, materially limit or otherwise materially restrict the Surviving Corporation or any of its Subsidiaries, in each case, from engaging or competing in any line of business material to BCNEPA and its Affiliates (taken as a whole) or in any geographic area material to BCNEPA and its Subsidiaries (taken as a whole) or the Surviving Corporation and its Subsidiaries (taken as a whole) (other than exclusivity provisions or arrangements with providers of health care services or licenses issued by BCBSA to BCNEPA and its Subsidiaries that restrict the use by BCNEPA or such Subsidiaries of the BCBSA Marks to their respective service areas); and

(L) other than customer Contracts and provider Contracts entered into in the ordinary course of business, any Contract (not otherwise disclosed pursuant to subsections (A) through (K) above) requiring (1) performance continuing in excess of two (2) years after the date of this Agreement and aggregate payments or receipts during the remainder of the then current term thereof (excluding Evergreen Renewals) in excess of $500,000, or (2) aggregate expenditures or receipts during the remainder of the then current term thereof (excluding Evergreen Renewals) in excess of $1,000,000.

(ii) All of the BCNEPA Material Contracts are valid and binding and in full force and effect (except those which are cancelled, rescinded or terminated after the date hereof in accordance with their terms and not in violation of this Agreement). To the knowledge of BCNEPA, no Person is challenging the validity or enforceability of any BCNEPA Material Contract. Except as set forth on the BCNEPA Disclosure Letter, neither BCNEPA nor any of its Subsidiaries, and to the knowledge of BCNEPA, as of the date hereof, none of the other parties thereto, has violated any provision of, or committed or failed to perform any act which (with or without notice, lapse of time or both) would constitute a material default of the provisions of any BCNEPA Material Contract.

(q) Employee Benefit Plans.

(i) All Benefit Plans and material compensation plans, contracts, policies or arrangements covering current or former employees of BCNEPA and its Subsidiaries (the "BCNEPA Employees") and current or former directors or other independent contractors of BCNEPA and its Subsidiaries which are maintained or contributed to by BCNEPA or a BCNEPA ERISA Affiliate, or with respect to which BCNEPA or a BCNEPA ERISA Affiliate could incur any liability (the "BCNEPA Plans") are set forth on the BCNEPA Disclosure Letter. With respect to each BCNEPA Plan, BCNEPA has made available to Highmark accurate, current and complete copies of each of the following, to the extent applicable: (A) where the BCNEPA Plan has been reduced to writing, the plan document together with all amendments; (B) where a BCNEPA Plan has not been reduced to writing, a written summary of all material plan terms; (C) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions set forth in this Agreement; (D) copies of any summary plan descriptions, summaries of material modifications and employee handbooks relating to any BCNEPA Plan; (E) in the case of any BCNEPA Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the IRS; (F) in the case of any BCNEPA Plan for which a Form 5500 is required to be filed, a copy of the most recently filed Form 5500, with schedules attached; (G) actuarial valuations and reports related to any BCNEPA Plans for which an actuarial valuation is made, with respect to the two most recently completed plan years; and (H) copies of material written notices, letters or other correspondence from the IRS, Department of Labor or Pension Benefit Guaranty Corporation relating to the BCNEPA Plan.

(ii) Except as set forth on the BCNEPA Disclosure Letter, (A) all BCNEPA Plans, other than "multiemployer plans" within the meaning of Section 3(37) of ERISA ("Multiemployer Plans"), were established and, at all times since January 1, 2008, have been operated in compliance in all material respects with ERISA, the Code and other applicable Laws, and have been operated in all material respects in accordance with their respective terms; (B) each BCNEPA Plan subject to ERISA (the "BCNEPA ERISA Plans") that is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (a "BCNEPA Pension Plan") and that is intended to be qualified under Section 401(a) of the Code, has at all times been the subject of a favorable and current determination letter from the IRS to the effect that such plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, or has applied to the IRS for such favorable determination letter within the applicable remedial amendment period under Section 401(b) of the Code (or in the case of a prototype plan or volume submitter document with respect to which BCNEPA or any of its Subsidiaries are an adopting employer, and which is not required to be submitted to the IRS for a favorable determination letter, the prototype sponsor or volume submitter document sponsor has received a favorable opinion letter from the IRS), and, to the knowledge of BCNEPA, there are no circumstances which would, if brought to the attention of the IRS, reasonably be expected to result in the revocation of any such favorable determination or opinion letter; and (C) neither BCNEPA nor any of its Subsidiaries has engaged in a transaction or taken or refrained from taking any action with respect to any BCNEPA ERISA Plan that could subject BCNEPA or any BCNEPA ERISA Affiliate to a tax or penalty imposed by Section 4971 through 4980G of the Code or Section 502 of ERISA in an amount which would be material.

(iii) Except as set forth on the BCNEPA Disclosure Letter (A) no material liability under Title IV of ERISA has been or is expected to be incurred by BCNEPA or any of its BCNEPA ERISA Affiliates with respect to any ongoing, frozen or terminated "single-employer plan," within the meaning of Section 4001(a)(15) of ERISA (a "Single-Employer Plan"), currently or formerly maintained by any of them, or the Single-Employer Plan of any entity which is considered a single employer together with BCNEPA under Section 4001 of ERISA or Section 414 of the Code (a "BCNEPA ERISA Affiliate" provided that any and all references in this Agreement to a BCNEPA ERISA Affiliate shall exclude AHG, HRC and the Foundation, except as it relates to AHG for purposes of any BCNEPA Pension Plan that is subject to Title IV of ERISA); (B) BCNEPA and its BCNEPA ERISA Affiliates have not incurred (nor are they contingently liable for) any withdrawal liability with respect to a Multiemployer Plan under Subtitle E of Title IV of ERISA (regardless of whether based on contributions of a BCNEPA ERISA Affiliate); and (C) no notice of a "reportable event" within the meaning of Section 4043 of ERISA for which the 30-day reporting requirement has not been waived or extended has been required to be filed for any BCNEPA Pension Plan or by any BCNEPA ERISA Affiliate within the 36-month period ending on the date hereof. Except as disclosed on the BCNEPA Disclosure Letter, neither BCNEPA nor any of its Subsidiaries, nor any BCNEPA ERISA Affiliate, is or has ever been a party to any Multiemployer Plan.

(iv) (A) Except as would not have a Material Adverse Effect on BCNEPA and its Subsidiaries, taken as a whole, all contributions required to be made under the terms of any BCNEPA Plan, as of the date hereof, have been timely made; (B) each BCNEPA Pension Plan and Single-Employer Plan of a BCNEPA ERISA Affiliate has met all applicable funding standards of Section 412 of the Code and Section 302 of ERISA and no BCNEPA ERISA Affiliate has an outstanding funding waiver; and (C) no funding restrictions-based restrictions apply to any BCNEPA Pension Plan under Section 436 of the Code.

(v) There is no pending or, to the knowledge of BCNEPA, threatened litigation relating to the BCNEPA Plans which, if decided adversely to BCNEPA, would be material to BCNEPA or to any BCNEPA Plan.

(vi) There has been no amendment to, announcement by BCNEPA or any of its Subsidiaries relating to, or change in employee participation or coverage under, any BCNEPA Plan which would materially increase the expense of maintaining such plan above the level of the expense incurred therefor for the most recent fiscal year, other than as required by applicable Law. Except as disclosed on the BCNEPA Disclosure Letter, no provision of any BCNEPA Plan will, as a result of the consummation of the transactions set forth in this Agreement: (A) entitle any employees of BCNEPA or any of its Subsidiaries to severance pay or other compensation or any increase in severance pay or other compensation upon any termination of employment after the date hereof; (B) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable to or result in any other material obligation pursuant to, any of the BCNEPA Plans; (C) limit or restrict the right of BCNEPA to merge, amend or terminate any of the BCNEPA Plans; or (D) result in payments under any of the BCNEPA Plans which would not be deductible under Section 280G of the Code.

(vii) Except as disclosed on the BCNEPA Disclosure Letter, other than as required under Section 601 et. seq. of ERISA or other applicable Law, no BCNEPA Plan provides post-termination or retiree welfare benefits to any individual for any reason, and neither

BCNEPA nor any of its BCNEPA ERISA Affiliates has any liability to provide post-termination or retiree welfare benefits, other than as required by applicable Law.

(viii) Except as set forth on the BCNEPA Disclosure Letter, any BCNEPA Plan which provides for the payment of "deferred compensation" under Section 409A of the Code has, since January 1, 2009, complied in all material respects with Code Section 409A, or an applicable exception thereto, consistent with applicable guidance issued by the IRS or Treasury Department thereunder.

(r) Labor Matters. Except as set forth on the BCNEPA Disclosure Letter:

(i) as of the date of this Agreement, neither BCNEPA nor any of its Subsidiaries is a party to, or is bound by, any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization (other than contracts or other agreements or understandings with labor unions or labor organizations in connection with products and services offered and sold to such unions and organizations by BCNEPA or its Subsidiaries);

(ii) neither BCNEPA nor any of its Subsidiaries is the subject of any proceeding asserting, or any material claim asserted in writing, that it or any Subsidiary has committed an unfair labor practice or sex, age, race, disability, handicap, national origin or other discrimination, or has violated the Fair Labor Standards Act or any other federal, state, or local Law regarding wages or hours of work, or otherwise relating to the terms or conditions of any person's employment, in each case seeking damages in an amount in excess of $100,000;

(iii) to the knowledge of BCNEPA, there are no existing or threatened organizational activities or demands for recognition by a labor organization seeking to represent employees of BCNEPA or any Subsidiary or seeking to compel BCNEPA or any Subsidiary to bargain with any labor organization, or labor strike, and no such activities have occurred during the past 24 months;

(iv) no grievance, arbitration or complaint filed with a Governmental Entity relating to labor or employment matters is pending or, to the knowledge of BCNEPA, threatened against BCNEPA or any of its Subsidiaries; and

(v) BCNEPA and each Subsidiary is in compliance, in all material respects, with all applicable Laws and Contracts (oral or written) relating to employment, employment practices, wages, hours, terms and conditions of employment, and classification of employment (employee vs. independent contractor).

(s) Insurance. All insurance policies covering BCNEPA or its Subsidiaries or their respective properties, assets and businesses (the "BCNEPA Insurance Policies") are in full force and effect and provide insurance in such amounts and against such risks as are customary, in the reasonable judgment of BCNEPA, for companies of similar size in the same business as BCNEPA and its Subsidiaries. Neither BCNEPA nor any of its Subsidiaries is in any material respect in breach or default, and neither BCNEPA nor any of its Subsidiaries has taken any action or failed to take any action which, with notice or the lapse of time, would constitute such a breach or default, or permit termination of any of the BCNEPA Insurance Policies. No written notice

of cancellation or termination has been received by BCNEPA or its Subsidiaries with respect to any of the BCNEPA Insurance Policies. Except as set forth on the BCNEPA Disclosure Letter, no carrier of any BCNEPA Insurance Policy has asserted any denial of coverage and the consummation of the transactions set forth in this Agreement will not cause the BCNEPA Insurance Policies to cease to remain in full force and effect, and the BCNEPA Insurance Policies will not be affected in any material respect by, and will not terminate or lapse by reason of, any such transactions.

(t) Capital or Surplus Maintenance. Except as disclosed on the BCNEPA Disclosure Letter, none of the Subsidiaries of BCNEPA is subject to any requirement to maintain capital or surplus amounts or levels, or is subject to any restriction on the payment of dividends or other distributions on its shares of capital stock, except for any such requirements or restrictions under insurance or other applicable Laws and any such requirements or restrictions of BCBSA of general application to licensees of BCBSA. Except as disclosed on the BCNEPA Disclosure Letter, each of the Subsidiaries of BCNEPA has adequate capital to conduct its business in the ordinary course, consistent with past practices and in accordance with current business plans, without requirement for additional capital contributions from BCNEPA or the Surviving Corporation.

(u) Brokers or Finders. Except as set forth on the BCNEPA Disclosure Letter, no agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's or finder's fee or any other similar commission or fee in connection with any of the transactions set forth in this Agreement, based upon arrangements made by or on behalf of BCNEPA.

(v) No Material Statement or Omission of Fact. To the knowledge of BCNEPA, neither this Agreement, nor the BCNEPA Disclosure Letter, nor the representations and warranties by BCNEPA contained in this Agreement contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances under which they were made.

2.2 Representations and Warranties with respect to the Highmark Entities. Highmark represents and warrants to BCNEPA as follows:

(a) Organization, Standing and Power.

(i) Each Highmark Entity is a nonprofit, non-stock corporation duly incorporated and subsisting under the laws of the Commonwealth of Pennsylvania and each Highmark Entity has the corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each Highmark Entity is duly qualified to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, except where the failure to be so qualified would not have a Material Adverse Effect on such Highmark Entity. Highmark is a wholly owned Subsidiary of Highmark Health. The copies of the Organizational Documents of the Highmark Entities, which were previously made available to BCNEPA, are true, complete and correct copies of such documents as in effect on the date of this Agreement.

(ii) Highmark is authorized to conduct business as a nonprofit hospital plan corporation under 40 Pa.C.S. §6101 et seq. and as a nonprofit professional health plan service corporation under 40 Pa.C.S. §§ 6301 et seq.

(b) Authority; No Conflicts.

(i) Each Highmark Entity has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions set forth herein. The execution and delivery of this Agreement and the consummation of the transactions set forth herein have been duly authorized by all necessary corporate action on the part of each Highmark Entity. This Agreement has been duly executed and delivered by each Highmark Entity and, assuming that this Agreement constitutes a valid and binding obligation of BCNEPA, constitutes a valid and binding obligation of the Highmark Entities, enforceable against each such Highmark Entity in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

(ii) Subject to obtaining the Highmark Governmental Consents and except as disclosed on the Highmark Disclosure Letter, the execution, delivery and performance of this Agreement by the Highmark Entities do not, and the consummation by Highmark of the Merger and the Highmark Entities of the other transactions set forth herein will not, in any material respect for subsections (B) and (C) below, constitute a Violation or require the consent or approval of any Third Party, pursuant to:

(A) any provision of the Organizational Documents of the Highmark Entities or any Subsidiary of Highmark;

(B) any Law applicable to the Highmark Entities or any Subsidiary of Highmark or their respective properties or assets; or

(C) any Highmark Material Contract.

(iii) Subject to obtaining the Highmark Governmental Consents, no material consent, approval, order or authorization of, or material registration, declaration or filing by either Highmark Entity with any Governmental Entity is required to be obtained or made by either Highmark Entity as a result of the execution, delivery and performance of this Agreement by the Highmark Entities. For the purposes of this Agreement, the term "Highmark Governmental Consents" means any and all material consents, approvals, orders, authorizations, registrations, declarations and filings set forth on the Highmark Disclosure Letter required to be obtained or made by either Highmark Entity pursuant to applicable Laws.

(c) Reports and Financial Statements.

(i) (A) The audited combined balance sheets and combined statements of income, changes in reserves and cash flows of Highmark and its combined Subsidiaries as of and for the twelve months ended December 31, 2012 (together with the related notes, the "Highmark Audited Financial Statements"), and (B) the unaudited combined balance sheets and combined statements of income, changes in reserves and cash flows of Highmark and its combined Subsidiaries as of and for the ten (10) month period ended October 31, 2013 (the "Highmark Interim Financial Statements" and together with the Highmark Audited Financial Statements, the "Highmark Financial Statements") have been provided to BCNEPA. The unaudited combined balance sheets, consolidated statements of operations and the consolidated statement of

changes in net assets of Highmark Health as of and for the five (5) month period ended November 30, 2013 (the "Highmark Health Interim Financial Statements") have been provided to BCNEPA.

(ii) The Highmark Financial Statements fairly present, in all material respects, the financial position and results of operations and cash flows of Highmark as of the respective dates or for the respective periods set forth therein, all in conformity with GAAP applied on a consistent basis throughout the periods involved except as otherwise noted therein, and subject, in the case of the unaudited Highmark Interim Financial Statements, to normal year-end audit adjustments, none of which will be, individually or in the aggregate, material to Highmark, and the lack of footnote disclosure. The Highmark Financial Statements have been derived from and are consistent, in all material respects, with the books and records of Highmark.

(iii) Except as set forth in the Highmark Disclosure Letter, the Highmark Health Interim Financial Statements fairly present, in all material respects, the financial position and results of operations and cash flows of Highmark Health as of the respective dates or for the respective periods set forth therein, all in conformity with GAAP applied on a consistent basis throughout the periods involved except as otherwise noted therein, and subject to normal year-end audit adjustments, none of which will be, individually or in the aggregate, material to Highmark Health, and the lack of footnote disclosure. The Highmark Health Financial Statements have been derived from and are consistent, in all material respects, with the books and records of Highmark Health.

(iv) Except: (A) to the extent reflected in the most recent combined balance sheet of Highmark included in the Highmark Financial Statements; (B) as disclosed on the Highmark Disclosure Letter; (C) incurred in the ordinary course of business since the date of the balance sheet referred to in the preceding clause (A); or (D) as would not be required to be accrued or reserved for on a balance sheet prepared in accordance with GAAP, Highmark does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due (including without limitation to Highmark Health).

(v) Highmark has timely filed: (A) all material reports, registrations, schedules, forms, statements and other documents, together with any material amendments required to be made with respect thereto, that they were required to file since January 1, 2009 with the PID and BCBSA; and (B) any other material reports, registrations, schedules, forms, statements or other documents, together with any material amendments required to be made with respect thereto, that they were required to file since January 1, 2009 with any other Governmental Entity (other than any Tax return) and have paid all material fees and assessments due and payable in connection therewith, other than any such fees and assessments being contested in good faith.

(vi) The Highmark Disclosure Letter sets forth a list of all off-balance sheet special purpose entities and financing arrangements of Highmark. The Highmark Disclosure Letter sets forth: (A) all obligations under guarantee contracts, retained or contingent interests in assets transferred to an unconsolidated entity or similar arrangements serving as credit, liquidity or market risk supports to such an entity for such assets; (B) all obligations arising out of a variable interest in an unconsolidated entity that is held by Highmark, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research

and development services with, Highmark; and (C) any other material off-balance sheet arrangements.

(d) Statutory Financial Statements. Except as otherwise set forth therein, the annual statements and the quarterly statements filed by Highmark with the insurance departments or other insurance regulatory authorities of the states and other jurisdictions in which it has a domiciled insurance company, health maintenance organization, third party administrator or similar entity (the "Highmark State Agencies") for the years ended December 31, 2009 through 2012, and for each quarterly and annual period ending after December 31, 2012 filed, or which will be filed, prior to the Effective Time (the "Highmark State Agency Filings") and the statutory balance sheets and income statements included in such Highmark State Agency Filings, as of the date of the applicable filing, fairly present, in all material respects, the statutory financial condition and results of operations of Highmark as of the date and for the periods indicated therein, and have been prepared, in all material respects, in accordance with applicable statutory accounting principles (except, in the case of unaudited quarterly statements, as indicated in the notes thereto) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto and the statutory reports and related actuarial opinions for Highmark), and subject, in the case of unaudited quarterly statements, to normal year-end audit adjustments, none of which is, individually or in the aggregate, material to Highmark, and the lack of footnote disclosure.

(e) Controls and Procedures.

(i) Since January 1, 2011, neither Highmark nor, to the knowledge of Highmark, any director, officer, auditor, accountant or representative of Highmark has received any complaint or claim that the accounting or auditing practices, procedures or methodologies of Highmark are not in compliance, in any material respect, with GAAP or its respective internal accounting controls.

(ii) Except as set forth in the Highmark Disclosure Letter, since January 1, 2011, Highmark has not received written notice from any Governmental Entity that any of its accounting policies or practices are the subject of any review, inquiry, investigation or challenge by any Governmental Entity. Since January 1, 2011, no public accounting firm of Highmark has informed Highmark, in writing, that it has any disagreements (within the meaning of Item 304 of Regulation S-K of the Securities and Exchange Commission) with respect to the accounting policies or practices, financial statement disclosure or auditing scope or procedure of Highmark. Since January 1, 2011, no outside actuary of Highmark has informed Highmark that it has any disagreements (within the meaning of Item 304 of Regulation S-K of the Securities and Exchange Commission) with respect to the policies or practices of Highmark respecting loss reserves or other actuarial amounts.

(f) Corporate Approval. The Board of Directors of Highmark, by resolutions duly approved and adopted at a meeting duly called and held and not subsequently rescinded or modified in any way, has approved and adopted this Agreement and the transactions set forth herein, including the Merger. The Board of Directors of Highmark Health, by resolutions duly approved and adopted at a meeting duly called and held and not subsequently rescinded or modified in any way, has approved and adopted this Agreement and the transactions set forth herein, including the Merger. Highmark Health, the sole member of Highmark, has approved the transactions set forth in this Agreement, including the Merger, pursuant to Section 5924 of the PaNCL, and, upon the election of the four Class A Directors to the Board of Directors of Highmark as set forth in Section

1.6 and 5.1(e) of this Agreement, such four Class A Directors will have been duly elected to the Board of Directors of Highmark.

(g) Ownership of Property. Highmark holds good title to, or otherwise has a valid leasehold or license interest in, all of its material assets and properties, whether tangible or intangible, subject to no Liens other than Permitted Liens. Highmark and its Affiliates have the right under leases of material real properties used by them in the conduct of their respective businesses to occupy and use all such properties as presently occupied and used by each of them for the remainder of the applicable lease term in effect on the date thereof.

(h) Litigation. Except as disclosed on the Highmark Disclosure Letter, there is no suit, action or proceeding pending, to the knowledge of Highmark, threatened against Highmark, or pursuant to which Highmark may be required to respond, which, if decided adversely to Highmark, would be material to Highmark or the Surviving Corporation. To the knowledge of Highmark, there is no pending investigation against Highmark which, if decided adversely to Highmark, would be material to Highmark or the Surviving Corporation.

(i) Permits; Compliance with Laws.

(i) Highmark holds all material permits, licenses and approvals of all Governmental Entities necessary for, or affecting, the operation of the businesses of Highmark, taken as a whole (the "Highmark Permits"). Highmark is in compliance in all material respects with the terms of the Highmark Permits.

(ii) The businesses of Highmark are not being conducted in material violation of, and Highmark has not received any notices of material violations with respect to, any applicable Law.

(iii) Each of the Highmark Entities is in compliance in all material respects with the rules, regulations and policies of BCBSA.

(iv) Highmark is in compliance in all material respects with the terms and conditions of its Contracts with all Government Entities, and Highmark has not received any written notice from any Governmental Entity that Highmark is not in compliance in any material respect with any such Contract.

(j) Absence of Certain Changes or Events. Except as set forth in the Highmark Disclosure Letter, since the date of the most recent balance sheet contained within the Highmark Interim Financial Statements:

(i) Highmark has conducted its businesses only in the ordinary course consistent with past practice;

(ii) there has not been any change, circumstance or event which has had, or would reasonably be expected to have, a Material Adverse Effect on Highmark; and

(iii) neither Highmark nor Highmark Health has:

(A) amended the Organizational Documents of such Highmark Entity;

(B) adopted a plan of liquidation, dissolution, or winding up of such Highmark Entity;

(C) consummated or entered into a Contract to consummate a Change of Control of such Highmark Entity;

(D) sold all or substantially all of the assets of such Highmark Entity to any other Person; or

(E) approved, agreed to or committed to any of the foregoing.

(k) Taxes.

(i) Highmark: (1) has prepared and duly and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by it, and all such filed Tax Returns are complete and accurate in all material respects; (2) has paid all material Taxes that are shown as due and payable on such filed Tax Returns or that Highmark is obligated to pay without the filing of a Tax Return; (3) has paid all other material assessments received to date in respect of Taxes other than those being contested in good faith or for which provision has been made in accordance with GAAP on the most recent combined balance sheet of Highmark included in the Highmark Financial Statements; (4) has withheld from amounts owing to any employee, creditor or other Person all Taxes required by Law to be withheld and have paid over to the proper Governmental Entity in a timely manner all such withheld amounts to the extent due and payable; (5) has not waived any applicable statute of limitations with respect to United States federal or state income or franchise Taxes and has not otherwise agreed to any extension of time with respect to a United States federal or state income or franchise Tax assessment or deficiency, which waiver or extension is still outstanding; (6) is not party to any agreements with any taxing authority, including any payment in lieu of taxes-type agreements regarding real property or occupancy type taxes or otherwise; (7) has never been a member of any consolidated group for United States federal income tax purposes other than the consolidated group of which Highmark is the common parent; and (8) is not party to any tax sharing agreement or arrangement other than with its Subsidiaries.

(ii) Except as would not reasonably be expected to have a Material Adverse Effect on Highmark or the Surviving Corporation or except as disclosed on the Highmark Disclosure Letter, no Liens for Taxes exist with respect to any of the assets or properties of Highmark, except for statutory Liens for Taxes not yet due or payable or that are being contested in good faith or are reserved for in the most recent combined balance sheet of Highmark included among the Highmark Financial Statements.

(iii) Except as set forth on the Highmark Disclosure Letter, there are not being conducted or, to the knowledge of Highmark, threatened, any material audits, examinations, investigations, litigation, or other proceedings in respect of Taxes of Highmark; and Highmark does not have any deferred intercompany transactions or material deferred gains created by any other transaction, or does not have any material excess loss accounts. Highmark does not have knowledge of any fact or circumstance that would reasonably be expected to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(l) Reserves. The loss reserves and other actuarial amounts of Highmark in the Highmark Financial Statements, the Highmark State Agency Filings and all other statutory reports as of the date of the applicable report or filing: (i) were determined in all material respects in accordance with actuarial standards generally accepted in the insurance industry, consistently applied (except as otherwise noted in the Highmark Financial Statements or such filings or reports), (ii) were fairly stated in all material respects in accordance with sound actuarial principles, (iii) satisfied all applicable Laws and applicable requirements of BCBSA in all material respects and have been computed on the basis of methodologies consistent in all material respects with those used in computing the corresponding reserves in the prior fiscal years, except as otherwise noted in the Highmark Financial Statements or the Highmark State Agency Filings, and (iv) include provisions for all actuarial reserves and related items which were required to be established in accordance with applicable Laws. Highmark has no knowledge of any facts or circumstances which would require any material change in the statutorily required loss reserves that were required to be reflected in the most recent combined balance sheet of Highmark included in the Highmark Financial Statements, other than increases in the ordinary course of business. The RBC of Highmark is, as of the date of this Agreement, not less than 375%; and in addition, the RBC of Highmark and each of its BCBSA-licensed Subsidiaries is, as of the date of this Agreement, not less than that required by BCBSA to avoid financial monitoring by BCBSA.

(m) Affiliate Transactions. There are no Contracts, commitments or loans currently in effect between Highmark, on the one hand, and any officer or director, or any Affiliate of any officer or director, of Highmark, on the other hand, other than in the case of an Affiliate of a director or officer of Highmark, where not more than five percent (5.0%) of the gross annual revenues of such Affiliate arise or result from such Contracts, commitments or loans, individually or in the aggregate.

(n) Environmental Matters. The operations of Highmark and its Subsidiaries are in compliance in all material respects with all applicable Environmental Laws and with all Environmental Permits; and there are no pending or, to the knowledge of Highmark, threatened actions, suits or other proceedings pursuant to Environmental Laws against Highmark or its Subsidiaries or, to the knowledge of Highmark, involving any real property currently or formerly owned, operated or leased by Highmark or its Subsidiaries that if determined adversely to Highmark would be material.

(o) Employee Benefit Plans.

(i) All material Benefit Plans and compensation plans, contracts, policies or arrangements covering current or former employees of Highmark (the "Highmark Employees") and current or former directors or other independent contractors of Highmark which are maintained or contributed to by Highmark or a Highmark ERISA Affiliate, or with respect to which Highmark or a Highmark ERISA Affiliate could incur any liability (the "Highmark Plans") are set forth on the Highmark Disclosure Letter. With respect to each Highmark Plan, to the extent applicable, Highmark has made available to BCNEPA accurate, current and complete copies of each of the following: (A) where the Highmark Plan has been reduced to writing, the plan document together with all amendments; (B) where a Highmark Plan has not been reduced to writing, a written summary of all material plan terms; (C) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the

transactions set forth in this Agreement; (D) copies of any summary plan descriptions, summaries of material modifications and employee handbooks relating to any Highmark Plan; (E) in the case of any Highmark Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the IRS; (F) in the case of any Highmark Plan for which a Form 5500 is required to be filed, a copy of the most recently filed Form 5500, with schedules attached; (G) actuarial valuations and reports related to any Highmark Plans for which an actuarial valuation is made, with respect to the two most recently completed plan years; and (H) copies of material written notices, letters or other correspondence from the IRS, Department of Labor or Pension Benefit Guaranty Corporation relating to the Highmark Plan.

(ii) Except as would not reasonably be expected to have a Material Adverse Effect on Highmark or the Surviving Corporation or except as disclosed on the Highmark Disclosure Letter, (A) all Highmark Plans, other than Multiemployer Plans, were established and, at all times since January 1, 2008, have been operated in compliance in all material respects with ERISA, the Code and other applicable Laws, and have been operated in all material respects in accordance with their respective terms; (B) no material liability under Title IV of ERISA has been or is expected to be incurred by Highmark or any of its Highmark ERISA Affiliates with respect to any ongoing, frozen or terminated Single-Employer Plan, currently or formerly maintained by any of them, or the Single-Employer Plan of any entity which is considered a single employer together with Highmark under Section 4001 of ERISA or Section 414 of the Code (a "Highmark ERISA Affiliate"); (B) Highmark and its Highmark ERISA Affiliates have not incurred (nor are they contingently liable for) any withdrawal liability with respect to a Multiemployer Plan under Subtitle E of Title IV of ERISA (regardless of whether based on contributions of a Highmark ERISA Affiliate); and (C) no notice of a "reportable event" within the meaning of Section 4043 of ERISA for which the 30-day reporting requirement has not been waived or extended has been required to be filed for any Highmark Plan subject to ERISA that is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (a "Highmark Pension Plan") or by any Highmark ERISA Affiliate within the 36-month period ending on the date hereof. Except as disclosed on the Highmark Disclosure Letter, neither Highmark nor any of its Subsidiaries, nor any Highmark ERISA Affiliate, is or has ever been a party to any Multiemployer Plan.

(iii) Highmark has not engaged in a transaction or taken or refrained from taking any action with respect to any Highmark Plan subject to ERISA that could subject Highmark or any Highmark ERISA Affiliate to a tax or penalty imposed by Section 4971 through 4980G of the Code or Section 502 of ERISA in an amount which would be material.

(iv) (A) Except as would not have a Material Adverse Effect on Highmark, all contributions required to be made under the terms of any Highmark Plan, as of the date hereof, have been timely made; (B) each Highmark Pension Plan and Single-Employer Plan of a Highmark ERISA Affiliate has met all applicable funding standards of Section 412 of the Code and Section 302 of ERISA and no Highmark ERISA Affiliate has an outstanding funding waiver; and (C) no funding restrictions-based restrictions apply to any Highmark Pension Plan under Section 436 of the Code.

(v) There is no pending or, to the knowledge of Highmark, threatened litigation relating to the Highmark Plans which, if decided adversely to Highmark, would be material to Highmark or the Surviving Corporation or to any Highmark Plan.

(p) Labor Matters. Except as would not reasonably be expected to have a Material Adverse Effect on Highmark or the Surviving Corporation or as set forth on the Highmark Disclosure Letter, Highmark and each of its Subsidiaries is in compliance, in all material respects, with all applicable Laws and Contracts (oral or written) relating to employment, employment practices, wages, hours, terms and conditions of employment, and classification of employment (employee vs. independent contractor).

(q) Capital. Except as disclosed on the Highmark Disclosure Letter, Highmark and each of its Subsidiaries has adequate capital to conduct its business in the ordinary course, consistent with past practices and in accordance with current business plans, without requirement for additional capital contributions from Highmark Health or Highmark in excess of $25,000,000 through the Closing Date.

(r) Brokers or Finders. No agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's or finder's fee or any other similar commission or fee in connection with any of the transactions set forth in this Agreement, based upon arrangements made by or on behalf of Highmark.

(s) No Material Statement or Omission of Fact. To the knowledge of Highmark, neither this Agreement, nor the Highmark Disclosure Letter, nor the representations and warranties by Highmark contained in this Agreement contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances under which they were made.

ARTICLE 3
COVENANTS RELATING TO CONDUCT OF BUSINESS PRIOR TO THE EFFECTIVE TIME

3.1 Conduct of Business of BCNEPA Pending the Merger.

(a) BCNEPA covenants and agrees that, during the period from the date hereof to the Effective Time and except as otherwise agreed to in writing by Highmark or as expressly permitted or contemplated by this Agreement (including pursuant to Section 3.1(c) below), (i) the businesses of BCNEPA and its Subsidiaries shall be conducted in the ordinary course of business and in a manner consistent with past practice, subject to compliance with applicable Law and (ii) BCNEPA and its Subsidiaries shall (A) each use commercially reasonable efforts to preserve substantially intact the business organization of BCNEPA and its Subsidiaries as in effect on the date of this Agreement, to keep available the services of the present officers and employees and to preserve the present relationships of BCNEPA and its Subsidiaries with such of the customers, providers, suppliers, licensors, licensees, or distributors with which BCNEPA or any of its Subsidiaries has significant business relations (*provided that* no special effort beyond those efforts consistent with past practices shall be required in respect of the foregoing) and (B) comply with each of their respective obligations under each of the Shareholders Agreements, *provided that* Highmark hereby agrees that the operation of FPH and FPLIC in accordance with their respective 2014 annual budgets and business plans, previously approved by the Boards of Directors of each of them, will be in compliance with the applicable Shareholders Agreement.

(b) BCNEPA covenants and agrees that, between the date of this Agreement and the Effective Time, except as set forth specifically on the BCNEPA Disclosure Letter

or except as otherwise consented to by Highmark in writing (including via electronic mail or by failure to respond during the Review Period, if applicable, as provided in Section 3.1(d) below) or as expressly permitted or contemplated by this Agreement (including pursuant to Section 3.1(c) below), it will not, and will cause its Subsidiaries not to, directly or indirectly do, or commit to do, any of the following:

(i) Amend its Organizational Documents, or convert to a for-profit corporation (if a nonprofit corporation) or into another business entity form;

(ii) Adopt a plan of liquidation, dissolution, restructuring, recapitalization or other reorganization of BCNEPA or any of its Subsidiaries;

(iii) An affiliation, member substitution, merger, consolidation, business combination or other similar transaction of BCNEPA or any of its Subsidiaries with any other Person, other than another Subsidiary of BCNEPA;

(iv) Sell all or substantially all the assets of BCNEPA or any of its Subsidiaries to any other Person;

(v) Issue, deliver, sell, pledge, dispose of or encumber, or authorize or commit to the issuance, sale, pledge, disposition or encumbrance of, any membership interest of, any shares of capital stock of any class of, or any options, warrants, convertible securities or other rights of any kind to acquire any membership interest, any shares of capital stock, or any other ownership interest (including but not limited to stock appreciation rights or phantom stock) of, BCNEPA or any of its Subsidiaries;

(vi) Declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock, other than dividends payable by a directly or indirectly wholly owned Subsidiary of BCNEPA to BCNEPA or to another directly or indirectly wholly owned Subsidiary of BCNEPA, or reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock, stock options or debt securities;

(vii) Acquire (by acquisition of stock or assets) any interest or invest in any Person (including any of its Subsidiaries), other than investments of reserves or employee benefit assets in the ordinary course and in compliance with BCNEPA's investment policy; *provided, however* that BCNEPA may make cash contributions to AHG and/or HRC, not to exceed an aggregate amount of $20,000,000 (the "Permitted Contributions");

(viii) Exercise any of its rights pursuant to Section 11 of the Shareholders Agreements;

(ix) Modify its current investment policies or investment practices in any material respect except as may be required by applicable Law;

(x) Other than the Permitted Contributions or in connection with investments of reserves or employee benefit assets in the ordinary course and in compliance with BCNEPA's investment policy, transfer, sell, lease, mortgage, or otherwise dispose of or subject to any Lien (other than Permitted Liens) any of its assets, including capital stock or other equity

interest of its Subsidiaries, that has individually a fair market value in excess of $2,500,000 individually, or $10,000,000 in the aggregate;

(xi) Except as may be required as a result of a change in applicable Law or in GAAP, statutory accounting or actuarial principles, make any material change to the accounting practices or principles or reserving or underwriting practices or principles used by it;

(xii) Settle any pending or threatened suit, action or claim for a payment in excess of $5,000,000;

(xiii) Terminate or permit to terminate the BCNEPA Insurance Policies, unless such policies are replaced with comparable replacement policies;

(xiv) Other than capital expenditures related to the Migration Plan, authorize or make capital expenditures during any fiscal year in excess of one hundred and fifty percent (150%) of the aggregate capital budget approved by the Board of Directors or equivalent authority of BCNEPA or such Subsidiary for that fiscal year;

(xv) Make any material Tax election or settle or compromise any material federal, state, local or foreign Tax liability, change any method of Tax accounting in any material respect, enter into any closing agreement relating to any material amount of Tax, or surrender any right to claim a material Tax refund;

(xvi) (A) Repay or retire any indebtedness for borrowed money or repurchase or redeem any debt securities except upon the maturity date of such indebtedness or under any line of credit or as otherwise required by the terms of such indebtedness or securities in a principal amount in excess of $10,000,000 individually; (B) incur any indebtedness for borrowed money or issue any debt securities (other than under any existing line of credit and any renewal, replacement or extension thereof) in a principal amount in excess of $500,000 individually, or $10,000,000, in the aggregate; or (C) other than payments to providers on behalf of customers in the ordinary course of business, assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person (other than among BCNEPA and its Subsidiaries), or make any loans or advances to any other Person in a principal amount in excess of $500,000 individually, or $10,000,000, in the aggregate;

(xvii) Enter into, extend or amend in any materially adverse manner, any of the following:

(A) Any BCNEPA Signing/Closing Material Contract (or a Contract that, if in effect on the date of this Agreement, would be a BCNEPA Signing/Closing Material Contract);

(B) Any collective bargaining agreement other than a renewal of an existing collective bargaining agreement on the same or substantially the same terms, except as may be required by Law; or

(C) Any Contract that, if it were in effect on the date of this Agreement, would be required to be disclosed under Section 2.1(m);

(xviii) Other than (A) in the ordinary course of business consistent with past practice, (B) as otherwise set forth in the BCNEPA Disclosure Letter, (C) as required to comply with applicable Law, or (D) as required by a Contract to which BCNEPA or any of its Subsidiaries is a party or is bound or a BCNEPA Plan as in effect on the date hereof or any collective bargaining agreement or similar agreement, in each case in this subsection (D), that has been disclosed on the BCNEPA Disclosure Letter:

(A) increase the wages, salaries, compensation, bonus, pension or other benefits or perquisites payable to any officer or employee as of the date hereof in excess of the aggregate budgeted amount for compensation approved by the Board of Directors of BCNEPA, or in any case, in excess of the greater of $10,000 or 10% individually of the level of such wage, salary, compensation, bonus or other benefits or perquisites compensation as of the date hereof (or hire date, as applicable), *provided, however*, that BCNEPA may hire new employees with a salary equal to or less than $100,000 without the consent of Highmark;

(B) enter into any Contract to grant any severance, change in control, termination or similar compensation or benefits payable to any officer or employee;

(C) accelerate the time of payment or vesting of, or the lapsing of restrictions with respect to, or fund or otherwise secure the payment of, any compensation or benefits under any BCNEPA Plan, or make any provision for such acceleration of vesting, lapse of restrictions or funding to result from the execution and delivery of this Agreement or the consummation of the transactions set forth in this Agreement;

(xix) Other than with respect to FPH and FPLIC, implement or change any pricing policies that would result in the pricing of any health insurance products below cost;

(xx) Enter into any Contract that contains confidentiality obligations that prohibit disclosure by BCNEPA of such Contract to Highmark Health or Highmark; or

(xxi) Take, or agree in writing to take, any action which would result in any of the conditions set forth in ARTICLE 5 not being satisfied or which would be reasonably likely to delay the Closing materially.

(c) Notwithstanding anything to the contrary contained in this Agreement (including this Section 3.1), BCNEPA shall have the right (and no consent of Highmark is needed for BCNEPA) to (i) distribute the capital stock of HMS and AHS held by AHG to BCNEPA; (ii) assign, transfer or contribute any or all the rights, together with all of the obligations, between BCNEPA and The Commonwealth Medical College to a Charitable Organization at any time prior to the Effective Time; (iii) (A) contribute, dispose of or otherwise transfer without consideration all or any portion of the business, operations or assets, together with all of the liabilities, or all or any portion of the ownership interests of, AHG and/or HRC to any Charitable Organization (a "Contribution Transaction") at any time prior to the Effective Time, or (B) sell, dispose of or otherwise transfer for consideration all or any portion of the business, operations or assets, together

with all of the liabilities, or all or any portion of the ownership interests of, AHG and/or HRC to any Person (a "Sale Transaction") and contribute the Net Proceeds of such Sale Transaction to a Charitable Organization at any time prior to the Effective Time; (iv) change the name of the Foundation and convert the Foundation to a nonmember nonprofit corporation; (v) on the Closing Date, but prior to the Effective Time, make to one or more Charitable Organizations, out of its surplus capital, a contribution up to the total amount of the Closing Contribution (subject to the limitations set forth in the definition of "Closing Contribution" in Section 8.14 below); (vi) subject to Section 5.3(e), change the corporate name of each of HMS and AHS to remove the words "AllOne"; and/or (vii) cause HMS and AHS to assign any and all common law rights that such entities may possess in and to any trademark containing the words "AllOne," in whole or in part, and all goodwill associated therewith, to AHG or HRC, *provided that*, in each case of subsections (i) through (iii) above, any such action does not, and would not be reasonably expected to, result in or create any liability of BCNEPA or the Surviving Corporation to any Person (including under any Contract for a Contribution Transaction or a Sale Transaction) or any Tax payable by BCNEPA or the Surviving Corporation, in any case in excess of amounts deducted by BCNEPA in determining Net Proceeds.

(d) Highmark hereby appoints the contact person(s) set forth on the Highmark Disclosure Letter (which such contact person(s) may be changed or altered by Highmark by notice to BCNEPA delivered in accordance with Section 8.2 below) to receive and consider and provide any consent or approval required to be obtained by BCNEPA pursuant to Section 3.1(b). BCNEPA hereby appoints the contact person(s) set forth on the BCNEPA Disclosure Letter (which such contact person(s) may be changed or altered by BCNEPA by notice to Highmark delivered in accordance with Section 8.2 below) to initiate any such requests for consent or approval. Any such requests by BCNEPA for consent or approval shall be in writing and delivered via electronic mail to the email address(es) set forth on the Highmark Disclosure Letter for such contact person(s), the subject line of any such request delivered via electronic mail by BCNEPA shall contain the following words: "Project Portrait: Request for Consent" (and in the case of request for consent or approval under Section 3.1(b)(xvii)(A) relating to entry into, extension or amendment of a customer Contract or provider Contract, shall also specify "Customer Contract" or "Provider Contract" (as applicable)) and shall describe in reasonable detail the consent or approval sought. Such contact person(s) appointed by Highmark shall have the authority to give consents and approvals required pursuant to Section 3.1(b). Such contact person (or one of them to the extent that Highmark has designated more than one) shall respond to such request within the following periods after receipt of such request: (i) fifteen (15) Business Days in the case of requests under (X) Section 3.1(b)(ix), (xii), (xv), or (xvi), (Y) Section 3.1(b)(xvii)(A) related to a BCNEPA Signing/Closing Material Contract described in Section 8.14(ee)(iii) that would be included under Section 2.1(p)(i)(B), (G), (J) or (L) in the definition of BCNEPA Material Contract, or (Z) Section 3.1(b)(xvii)(A) related to a BCNEPA Signing/Closing Material Contract set forth in Section 8.14(ee)(iv), (v), or (vi); (ii) three (3) Business Days in the case of requests under Section 3.1(b)(xvii)(A) related to a BCNEPA Signing/Closing Material Contract described in Section 8.14(ee)(ii); and (iii) one (1) Business Day in the case of requests under Section 3.1(b)(xvii)(A) related to a BCNEPA Signing/Closing Material Contract described in Section 8.14(ee)(i) (the "Review Period") through electronic mail to the email address of the appointed representative of BCNEPA making such request. If such contact person appointed by Highmark (or one of them, if more than one so designated) does not respond in writing via electronic mail during the applicable Review Period, Highmark shall be deemed to have provided the consent or approval set forth in such request, *provided that*, notwithstanding that any other consent required under Section 3.1(b) may be requested by BCNEPA pursuant to this Section 3.1(d), Highmark is

under no obligation to respond within any specific period, nor is a failure to respond to any such request deemed to constitute consent or approval for such request other than a failure to respond to any such request within the period specified in subsection (i), (ii) and (iii) above.

(e) To the extent Highmark consents to an action of BCNEPA or its Subsidiaries pursuant to this Section 3.1 (or fails to respond to a request for consent under Section 3.1 during the Review Period, if applicable), the BCNEPA Disclosure Letter shall be deemed to be amended to include such action and the applicable representations and warranties contained in this Agreement shall be deemed to be qualified by such action.

3.2 Conduct of Business of the Highmark Entities Pending the Merger.

(a) Highmark covenants and agrees that, during the period from the date hereof to the Effective Time and except as otherwise agreed to in writing by BCNEPA or as expressly permitted or contemplated by this Agreement, (i) the businesses of Highmark and its Subsidiaries shall be conducted in the ordinary course of business and in a manner consistent with past practice, subject to compliance with applicable Law; and (ii) Highmark and its Subsidiaries shall each use commercially reasonable efforts to preserve substantially intact the business organization of Highmark and its Subsidiaries as in effect on the date of this Agreement, except in each of (i) and (ii) for such actions as do not result in a Material Adverse Effect with respect to Highmark, its Subsidiaries, or the Surviving Corporation; *provided that* no special effort beyond those efforts consistent with past practices shall be required in respect of the foregoing. Additionally, Highmark shall comply with each of its obligations under each of the Shareholders Agreements.

(b) Each Highmark Entity covenants and agrees that, between the date of this Agreement and the Effective Time, except as set forth specifically on the Highmark Disclosure Letter and except as otherwise consented to by BCNEPA in writing, such Highmark Entity will not, directly or indirectly do, or commit to do, any of the following:

(i) Amend the Organizational Documents of such Highmark Entity in any manner which would be inconsistent with or violate any provision of this Agreement or the Surviving Company Bylaws, or convert to a for profit corporation, stock corporation or into another business entity form;

(ii) Adopt a plan of liquidation, dissolution or winding up of such Highmark Entity;

(iii) Consummate or enter into a Contract to consummate a Change of Control of such Highmark Entity;

(iv) Sell all or substantially all of the assets of such Highmark Entity to any other Person; or

(v) Take, or agree in writing to take, any of the actions described in Section 3.2(b) or any action which would result in any of the conditions set forth in ARTICLE 5 not being satisfied or which would be reasonably likely to delay the Closing materially.

ARTICLE 4
ADDITIONAL AGREEMENTS

4.1 Member Approvals.

(a) BCNEPA agrees that it shall, subject to and in accordance with its Organizational Documents and applicable Law, give notice of, convene and hold within sixty (60) days following the date of this Agreement a meeting of its members for the purpose of voting to adopt this Agreement and the Plan of Merger (the "Member Approval").

(b) Highmark Health shall take all such additional action as shall be necessary as the sole member of Highmark to approve any change to this Agreement required under the PaNCL.

4.2 Access to Information.

(a) Each of Highmark and BCNEPA agrees that upon reasonable notice, it shall (and shall cause its Subsidiaries to) afford to the officers, employees, accountants, counsel, financial advisors and other representatives of the other party reasonable access during normal business hours, during the period prior to the Effective Time, to such of its properties, books, contracts, documents, records, officers and employees as the other party may reasonably request (other than information and documents which such party is not permitted to provide under applicable Law or by Contract) and, during such period, such party shall (and agrees to cause its Subsidiaries to) furnish to the other party promptly (a) a copy of each report, schedule, application, ruling and other document filed, published, announced or received by it during such period pursuant to the requirements of any applicable Law (other than documents which such party is not permitted to disclose under applicable Law or by Contract), and (b) consistent with Law and its Contracts, all other information concerning it and its business, properties and personnel as such other party may reasonably request; *provided, however*, that either party may restrict the foregoing access to the extent that any Law applicable to such party or Contract to which such party is bound requires such party or its Subsidiaries to restrict access to any properties or information. Each party acknowledges and agrees that the Confidentiality and Non-Disclosure Agreement dated as of November 2, 2012 between BCNEPA and Highmark (the "Confidentiality Agreement") governs the information provided by the parties to one another or their respective employees, agents and representatives in connection with the matters referred to in this Agreement. The Confidentiality Agreement is incorporated in this Agreement by reference as if fully set forth in this Agreement. In the event of the termination of this Agreement, the parties shall continue to abide by the terms of the Confidentiality Agreement. Notwithstanding the foregoing, any investigation by BCNEPA or Highmark shall not diminish, affect or limit the representations and warranties of the other party, or the right of the other party to rely thereon.

4.3 Financial Reporting. During the period preceding the Effective Time, each party agrees to prepare and deliver to the other party, promptly upon their becoming available: (i) its audited balance sheets and statements of income, changes in reserves and cash flows, consolidated with its Subsidiaries in the case of BCNEPA, as of and for each complete calendar year after December 31, 2012 to the extent not previously delivered by such party but before the Effective Time (such party's "Post-Signing Audited Financial Statements"); (ii) its unaudited balance sheets and statements of income, changes in reserves and cash flows, consolidated in the case of BCNEPA, as of and for each calendar month after the date of this Agreement but before the Effective Time,

together with the related consolidating schedules (in the case of BCNEPA) as of and for each complete calendar month after the date of this Agreement but before the Effective Time (such party's "Post-Signing Interim Financial Statements" and, together with the Post-Signing Audited Financial Statements, such party's "Post-Signing Financial Statements"); and (iii) its annual, quarterly, and, if applicable, monthly, statements filed by it or any of its Subsidiaries with the insurance departments or other insurance regulatory authorities of the states and other jurisdictions in which it has a domiciled insurance company, health maintenance organization or third party administrator for each annual, quarterly, and, if applicable, monthly, period ending after the date of this Agreement but before the Effective Time (such party's "Post-Signing State Agency Filings"). Each party covenants that at the time that each of its Post-Signing Financial Statements is delivered pursuant to this Section 4.3, the balance sheets and statements of income, changes in reserves and cash flows consolidated in the case of BCNEPA and combined in the case of Highmark included in its Post-Signing Financial Statements shall fairly present, in all material respects, the financial position and results of operations and cash flows of the applicable party as of the dates and for the periods indicated therein to the same extent as the BCNEPA Financial Statements or the Highmark Financial Statements, as the case may be; and that at the time that each of its Post-Signing State Agency Filings are delivered pursuant to this Section 4.3, the statutory balance sheets and income statements included in the Post-Signing State Agency Filings shall fairly present, in all material respects, the statutory financial condition and results of operations of such party as of the dates for the periods indicated therein in accordance with applicable statutory accounting principles to the same extent as the BCNEPA State Agency Filings and the Highmark State Agency Filings, as the case may be.

4.4 Further Assurances.

(a) Each party agrees that, subject to the terms and conditions of this Agreement, it shall: (i) use commercially reasonable efforts to prepare and file as promptly as practicable all documentation to effect all necessary applications, notices, petitions, filings, and other documents and to obtain as promptly as practicable all consents, waivers, licenses, orders, registrations, approvals, permits, and authorizations necessary to be obtained from any Third Party and/or any Governmental Entity in order to consummate the Merger and the other transactions set forth in this Agreement, including, in the case of BCNEPA, all BCNEPA Third-Party Consents and all BCNEPA Governmental Consents, and including, in the case of Highmark, all Highmark Third-Party Consents and all Highmark Governmental Consents, and (ii) use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary to satisfy the conditions to Closing set forth herein and to consummate the Merger and the other transactions set forth in this Agreement.

(b) In furtherance and not in limitation of the foregoing, each party hereto agrees to (i) make any required filing of a Notification and Report Form pursuant to the HSR Act with the applicable Governmental Entities with respect to the transactions set forth herein promptly following the date hereof, which shall be no later than the date that is six months after the date hereof (provided that the parties can mutually agree in writing to extend such date) and any other required filing with any Governmental Entity with respect to the transactions set forth herein as promptly as practicable following the date hereof and (ii) respond to any inquiry and supply as promptly as practicable any additional information and documentary material that may be requested by any Governmental Entity pursuant to the HSR Act or any other Law in connection with the transactions set forth herein. Each party shall cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry under the HSR Act or any other Law in connection with the transactions set forth herein.

(c) Highmark will prepare and file with the PID appropriate documents, including the Form A and responses to PID information requests directed to Highmark in connection with the transactions set forth in this Agreement. Highmark shall provide BCNEPA a reasonable opportunity, which in no case shall be less than two (2) Business Days, to review and comment on the Form A filing, including any amendment, before it is submitted to the PID (subject to Section 4.4(e) below). BCNEPA will prepare and file with the PID responses to PID information requests directed to BCNEPA in connection with the transactions set forth in this Agreement. Each party agrees that it shall promptly notify the other party of any substantive PID inquiry or information request it receives in connection with the transactions set forth in this Agreement and confer in good faith with the other party concerning the manner in which a written response to the inquiry or request will be prepared and submitted to the PID, including an opportunity for a party to provide input on any written response before it is submitted to the PID (subject to Section 4.4(e) below). Each party will provide the other party and its counsel copies of any filing, submission or correspondence with the PID related to the transactions set forth in this Agreement (each a "PID Filing") promptly after filing (subject to Section 4.4(e) below). Each party agrees to promptly provide the other party assistance and information in the preparation of any PID Filing as and when reasonably requested by the other party or its counsel. To the extent the PID or any other Governmental Entity schedules any hearing(s) with respect to any PID Filing or the transactions which are the subject of such filing, BCNEPA agrees to cooperate with Highmark and its counsel in the preparation for and any presentation at such hearing(s) as and when reasonably requested by Highmark or its counsel.

(d) Each party shall keep the other reasonably informed of material developments and contacts with any Governmental Entity in respect of any filings, investigations, or other inquiries regarding the BCNEPA Governmental Consents and the Highmark Governmental Consents, as applicable. Each party shall provide the other party with a reasonable opportunity to participate in any meeting between such party or its counsel and any Governmental Entity (including its legal, financial, economic or other advisors) relating to the matters that are the subject of this Agreement to the extent permitted by such Governmental Entity. Each party shall provide the other party with a reasonable opportunity to participate in any telephone call between such party or its counsel and any Governmental Entity (including its legal, financial, economic or other advisors) involving material matters that are the subject of this Agreement, to the extent permitted by such Governmental Entity. A telephone call (i) the purpose of which is to seek to clarify or narrow the scope of a PID request for information or response thereto or to address other non-substantive issues and (ii) a telephone call initiated by a Governmental Entity (including its legal, financial, economic or other advisors) without notice to the party receiving the telephone call is not subject to this provision.

(e) Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall require a party to disclose information that such party is not permitted to provide under applicable Law or by Contract.

(f) Each party agrees to promptly advise the other party if at any time prior to the approval of the transactions set forth in this Agreement by the PID any information provided by the party in any PID Filing is or becomes incorrect or incomplete in any material respect and to provide the other party with the information needed to correct such inaccuracy or omission.

(g) Nothing contained in this Section 4.4 shall be construed as requiring Highmark to agree to any Highmark Materially Burdensome Condition or requiring BCNEPA to agree to any BCNEPA Materially Burdensome Condition.

4.5 Exclusivity. BCNEPA agrees that, during the term of this Agreement, neither it, nor any of its Subsidiaries, nor any director, officer, employee, agent or representative of any of them (including any investment banker, attorney or accountant retained by it or any of its Subsidiaries) shall, directly or indirectly, solicit, initiate, encourage or facilitate, or furnish or disclose non-public information in furtherance of, any inquiries or the making of any proposal with respect to any transaction or series of related transactions that, if consummated, would constitute an Alternative Transaction, or negotiate, explore or otherwise engage in discussions with any Person (other than BCNEPA, Highmark, their respective Affiliates or their respective directors, officers, employees, agents and representatives) with respect to any Alternative Transaction, or approve, endorse, recommend or authorize any Alternative Transaction, or enter into any agreement, arrangement or understanding with respect to any Alternative Transaction or requiring it to abandon, terminate or fail to consummate the Merger or any other transactions set forth in this Agreement. BCNEPA agrees that it shall immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Third Parties conducted prior to the date of this Agreement with respect to any Alternative Transaction and it shall not terminate, amend, modify or waive any provision of any confidentiality agreement with respect to such Alternative Transaction to which it is a party.

4.6 Notification of Certain Matters. Each of BCNEPA, on the one hand, and Highmark, on the other hand, agrees to promptly advise the other party of any change or event (i) having or reasonably expected to have a Material Adverse Effect on BCNEPA or a Material Adverse Effect on Highmark, as the case may be, or (ii) that results in a failure of any condition set forth in ARTICLE 5 hereof; *provided, however*, that a failure to comply with this Section 4.6 shall not, in and of itself, constitute the failure of any condition set forth in ARTICLE 5 to be satisfied unless the underlying Material Adverse Effect or failure would independently result in the failure of a condition set forth in ARTICLE 5 to be satisfied.

4.7 Public Announcements. BCNEPA and Highmark shall develop a joint communications plan and each party shall (i) ensure that all press releases and other public statements and communications with respect to this Agreement and the transactions set forth herein shall be consistent with such joint communications plan and (ii) unless otherwise required by applicable Law, consult with each other for a reasonable time before issuing any press release or otherwise making any public statement or communication, and mutually agree upon any such press release or any such public statement or communication, with respect to this Agreement or the transactions set forth herein.

4.8 Migration Plan. Promptly following the date of this Agreement (and subject to applicable Law), Highmark and BCNEPA shall, jointly and in good faith, use their commercially reasonable efforts to develop a plan (the "Migration Plan") by which the operations of the Acquired Business shall be migrated from and after the Closing to Highmark's computing platform and business processes, and its suite of front, middle and back-office capabilities and administrative, provider and corporate systems that it uses in its own health and ancillary businesses (the "Platform"). All out-of-pocket costs incurred in connection with development of the Migration Plan will be shared 75% by Highmark and 25% by BCNEPA; *provided that* BCNEPA's maximum obligation for such out-of-pocket costs shall not exceed $750,000. The Migration Plan shall establish a method for the payment or reimbursement of such costs. Additionally, subject to applicable Law and the execution of binding agreements under terms and conditions reasonably acceptable to Highmark and BCNEPA, BCNEPA has the option to request that Highmark enter into an amendment to the parties' existing Administrative Services Agreement dated April 29, 2005 (the "Existing

ASA") to provide that, pending Closing, Highmark will make the Platform available to BCNEPA and its Subsidiaries for use in the operation of the Acquired Business, for which BCNEPA would be obligated to pay an amount equal to BCNEPA's fair and reasonable share of Highmark's total cost to deliver services pursuant to the Existing ASA in accordance with Highmark's established cost accounting practices (which such charges would be consistent with Highmark's charges to its own health businesses for services of comparable scope and magnitude).

4.9 Supplementing Disclosure Letters.

(a) At any time or from time to time after the date of this Agreement up to fifteen (15) days before Closing, BCNEPA may supplement or amend the BCNEPA Disclosure Letter with respect to any matter arising after the date of this Agreement, that, if existing as of the date of this Agreement, would have been required to be set forth or described on the BCNEPA Disclosure Letter in order to make any representation or warranty set forth in Section 2.1 true and correct as of such date (each, a "BCNEPA supplemental disclosure"). Highmark shall have ten (10) days following receipt of a BCNEPA supplemental disclosure by BCNEPA to terminate this Agreement if the matters disclosed in such BCNEPA supplemental disclosure, other than matters permitted or consented to under Section 3.1, have or would be reasonably expected to have a Material Adverse Effect on BCNEPA. A BCNEPA supplemental disclosure pursuant to this Section 4.9(a) shall be deemed to be effective after the end of such ten (10) day period to amend and supplement the BCNEPA Disclosure Letter and qualify the representations and warranties contained in this Agreement, with respect to such matter or matters arising after the date of this Agreement, if Highmark has not terminated this Agreement within such ten (10) day period.

(b) At any time or from time to time after the date of this Agreement up to fifteen (15) days before Closing, Highmark may supplement or amend the Highmark Disclosure Letter with respect to any matter arising after the date of this Agreement, that, if existing as of the date of this Agreement, would have been required to be set forth or described on the Highmark Disclosure Letter in order to make any representation or warranty set forth in Section 2.2 true and correct as of such date (each, a "Highmark supplemental disclosure"). BCNEPA shall have ten (10) days following receipt of a Highmark supplemental disclosure by BCNEPA to terminate this Agreement if the matters disclosed in such Highmark supplemental disclosure, other than matters permitted or consented to under Section 3.2, have or would be reasonably expected to have a Material Adverse Effect on Highmark. A Highmark supplemental disclosure pursuant to this Section 4.9(b) shall be deemed to be effective after the end of such ten (10) day period to amend and supplement the Highmark Disclosure Letter and qualify the representations and warranties contained in this Agreement, with respect to such matter or matters arising after the date of this Agreement, if BCNEPA has not terminated this Agreement within such ten (10) day period.

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Conditions to Each Party's Obligation to Consummate the Closing and Effect the Merger. The respective obligations of BCNEPA and Highmark to consummate the Closing and effect the Merger are subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) No Injunctions or Restraints, Illegality.

(i) No Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law which is in effect and which prevents or prohibits consummation of the Merger; and

(ii) No Governmental Entity of competent jurisdiction shall have instituted any action, proceeding or arbitration (which remains pending at what would otherwise be the Closing Date) before any United States court or other Governmental Entity of competent jurisdiction seeking to enjoin, restrain or otherwise prohibit consummation of the transactions set forth in this Agreement.

(b) Member Approvals. The Member Approval with respect to BCNEPA's members shall have been received.

(c) Governmental Consents. The BCNEPA Governmental Consents and the Highmark Governmental Consents (collectively, the "Governmental Consents") shall have been obtained and be in full force and effect and be free from and shall not be conditioned upon, with respect to Highmark, a Highmark Materially Burdensome Condition or, with respect to BCNEPA, a BCNEPA Materially Burdensome Condition.

(d) BCBSA. Any required approval of BCBSA shall have been obtained, so that the right of Highmark Health to use the BCBSA Marks and logo as the primary licensee, and of Highmark as a "controlled affiliate" (as defined in the rules and regulations of the BCBSA) in the BCNEPA Service Area shall be in full force and effect after the Merger.

(e) Class A Directors. Highmark Health shall have taken all actions necessary to appoint the four Class A Directors to the Board of Directors of Highmark from and after the Effective Time in accordance with the terms of this Agreement and the Surviving Corporation Bylaws.

(f) Advisory Board. Highmark shall have taken all actions necessary to appoint the initial members of the Advisory Board from and after the Effective Time in accordance with the terms of this Agreement and the Surviving Corporation Bylaws.

5.2 Additional Conditions to Obligations of BCNEPA. The obligations of BCNEPA to consummate the Closing and effect the Merger are subject to the satisfaction or waiver by BCNEPA, on or prior to the Closing Date, of the following additional conditions:

(a) Representations and Warranties of Highmark; Performance of Agreements and Covenants by Highmark. The conditions set forth in this subsection 5.2(a) shall have been satisfied, and BCNEPA shall have received a certificate signed by the president and the treasurer of Highmark to the effect that:

(i) (A) the representations and warranties of Highmark in Section 2.2 that are qualified by reference to materiality, material or Material Adverse Effect were true and correct in all respects as of the date of this Agreement, and the representations and warranties of Highmark in Section 2.2 that are not so qualified were true and correct in all material respects as of the date of this Agreement (except, in each case, to the extent that such representations and warranties speak as of another date), and (B) the representations and warranties of Highmark in Section 2.2, as supplemented pursuant to Section 4.9(b), shall be true and correct as

of the Closing Date (except, in each case, to the extent that such representations and warranties speak as of another date), except where any such failure to be true and correct as of the Closing Date does not and would not be reasonably expected to have a Material Adverse Effect on Highmark; and

(ii) Highmark and Highmark Health shall each have performed or complied in all material respects with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date.

(b) BCNEPA Third-Party Consents. Highmark has received each consent of such Third Parties as are set forth on the Highmark Disclosure Letter (the "BCNEPA Third-Party Consents"), and each of such BCNEPA Third-Party Consents shall be in full force and effect.

(c) Secretary's Certificate. Highmark Health and Highmark shall have delivered to BCNEPA a certificate signed by the Secretary of Highmark Health and Highmark, dated the Closing Date, certifying on behalf of Highmark Health and Highmark, as applicable, that (i) attached thereto are true, correct and complete copies of Highmark's Articles of Incorporation, with all amendments thereto, as then on file with Department of State of the Commonwealth of Pennsylvania, (ii) all actions required by Highmark Health and Highmark to adopt and approve the Surviving Corporation Bylaws, to be effective as of the Effective Time, have been taken, and setting forth evidence of such actions, and that the same have not been amended, rescinded or revoked and remain in full force and effect as of the Closing Date, and (iii) all actions required by Highmark Health to elect the Class A Directors and Highmark to elect the Advisory Board members, as applicable, effective as of the Effective Time, have been taken, and setting forth copies of such actions, and that the same have not been amended, rescinded or revoked and remain in full force and effect as of the Closing Date.

5.3 Additional Conditions to Obligations of Highmark. The obligations of Highmark to consummate the Closing and effect the Merger are subject to the satisfaction or waiver by Highmark, on or prior to the Closing Date, of the following additional conditions:

(a) Representations and Warranties of BCNEPA; Performance of Agreements and Covenants by BCNEPA. The conditions set forth in this subsection 5.3(a) shall have been satisfied, and Highmark shall have received a certificate of the chief executive officer and the chief financial officer of BCNEPA to the effect that:

(i) (A) the representations and warranties of BCNEPA in Section 2.1 that are qualified by reference to materiality, material or Material Adverse Effect were true and correct in all respects as of the date of this Agreement, and the representations and warranties of BCNEPA in Section 2.2 that are not so qualified were true and correct in all material respects as of the date of this Agreement (except, in each case, to the extent that such representations and warranties speak as of another date), and (B) the representations and warranties of BCNEPA in Section 2.1, as supplemented pursuant to Section 4.9(a) and amended pursuant to Section 3.1(e), shall be true and correct as of the Closing Date (except, in each case, to the extent that such representations and warranties speak as of another date), except where any such failure to be true and correct as of the Closing Date does not and would not be reasonably expected to have a Material Adverse Effect on BCNEPA and its Subsidiaries, taken as a whole; and

(ii) BCNEPA shall have performed or complied in all material respects with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date.

(b) Highmark Third-Party Consents. BCNEPA has received each consent of such Third Parties as are set forth on the BCNEPA Disclosure Letter (the "Highmark Third-Party Consents"), and each of such Highmark Third-Party Consents is in full force and effect.

(c) RBC Certificate. BCNEPA shall have delivered to Highmark a certificate signed by the chief financial officer of BCNEPA, dated the Closing Date, setting forth, in reasonable detail BCNEPA's RBC level as of the end of the month immediately prior to the most recently completed calendar month prior to the Closing Date.

(d) AHG/HRC/Foundation. BCNEPA shall have (i) caused AHG to distribute to BCNEPA all of the shares of HMS and AHS, effective prior to the Effective Time, (ii) consummated one or more Sale Transactions and/or Contribution Transactions such that no ownership interest in AHG or HRC, or any of their respective assets or liabilities, shall be owned, directly or indirectly, beneficially or of record, by BCNEPA or any other Subsidiary of BCNEPA, and (iii) ceased to be the member of the Foundation.

(e) License. HMS and AHS, on the one hand, and AHG and HRC, on the other hand, (or such other relevant Persons as Highmark and BCNEPA shall determine) shall have entered into a non-exclusive, nontransferable, non-sublicenseable, royalty free license agreement with respect to the prior uses by HMS and AHS of the registered and common law rights in and to any trademark containing the words "AllOne" owned by AHG and/or HRC that were previously used by HMS and AHS for a period not to exceed thirty-six (36) months following the Closing Date, containing such other customary terms and conditions as are reasonably acceptable to BCNEPA and Highmark.

ARTICLE 6
POST-MERGER OBLIGATIONS AND OPERATIONS OF SURVIVING CORPORATION

6.1 Directors' and Officers' Indemnification, Insurance and Release.

(a) The Surviving Corporation shall (i) for six years after the Closing Date, indemnify, defend and hold harmless all individuals who were directors or officers of BCNEPA or its Subsidiaries at any time before the Effective Time (including any individual who becomes a director or officer of BCNEPA, or a Subsidiary thereof between the date of this Agreement and the Effective Time) or who, at the request of BCNEPA or any of its Subsidiaries, served as a director or officer of any other Person (collectively, the "Indemnified Persons") for any and all costs and expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such Indemnified Person was an officer or director of BCNEPA or its Subsidiaries or served as a director or officer of such other Person at the request of BCNEPA or any of its Subsidiaries in respect of acts or omissions in such capacity occurring at or prior to the Effective Time (including those related to this Agreement and the transactions set forth herein), and shall advance expenses in respect thereof, in each case to the fullest extent permitted by applicable Law and (ii) for six years after the Closing Date, obtain and cause to be maintained a policy of directors' and officers' liability insurance and fiduciary liability insurance with respect to

claims arising from facts or events that occurred on or before the Effective Time, and containing substantially the same coverage and amounts as, and terms and conditions no less advantageous than, in the aggregate, the coverage currently provided by BCNEPA's current policies.

(b) Any Indemnified Person wishing to claim indemnification under Section 6.1(a), upon learning of any such claim, action, suit, proceeding or investigation, must promptly notify the Surviving Corporation thereof, but the failure to so notify shall not relieve the Surviving Corporation of any liability it may have to such Indemnified Person to the extent such failure does not materially prejudice the Surviving Corporation. In the event of any such claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), (i) the Surviving Corporation shall have the right to assume the defense thereof and the Surviving Corporation shall not be liable to such Indemnified Persons for any legal expenses of other counsel or any other expense subsequently incurred by such Indemnified Persons in connection with the defense thereof, except that if the Surviving Corporation elects not to assume such defense, or counsel or the Indemnified Persons advise that there are issues which raise conflicts of interest between the Surviving Corporation and the Indemnified Persons, the Indemnified Persons may retain counsel satisfactory to them, and the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Persons promptly as statements therefor are received; *provided, however*, the Surviving Corporation shall be obligated pursuant to this paragraph 6.1(b) to pay for only one firm of counsel for all Indemnified Persons in any jurisdiction, (ii) the Indemnified Persons shall cooperate in the defense of any such matter and (iii) the Surviving Corporation shall not be liable for any settlement effected without its prior written consent (which consent shall not be unreasonably withheld); and *provided, further*, that the Surviving Corporation shall not have any obligation hereunder to any Indemnified Person if and when a court of competent jurisdiction ultimately determines, and such determination becomes final, that the indemnification of such Indemnified Person in the manner set forth herein is prohibited by applicable Law.

(c) Notwithstanding anything herein to the contrary, if any claim, action, suit, proceeding or investigation (whether arising before, at or after the Effective Time) is made against any Indemnified Person on or prior to the sixth anniversary of the Closing Date, the provisions of this Section 6.l shall continue in effect until the final disposition of such claim, action, suit, proceeding or investigation.

(d) Effective upon the Closing, each of the Surviving Corporation and the Highmark Entities, and each of their respective successors and assigns (collectively, the "Releasing Parties"), hereby remises, releases and forever discharges the Indemnified Persons of and from any and all claims which the Releasing Parties, or any of them, now have, ever had, or at the Closing may have, or hereafter can, shall or may have against the Indemnified Persons or any of them, for, upon or by reason of any matter, cause or thing whatsoever, related to actions or omissions of such Indemnified Person in his or her capacity as an officer or director of BCNEPA or a Subsidiary or as a director or officer of any other Person at the request of BCNEPA or a Subsidiary, from the beginning of time through the Closing Date, except that this release does not extend to actions (other than actions or facts disclosed to Highmark) of an Indemnified Person constituting intentional misconduct, fraud or a breach of the duty of loyalty by such Indemnified Person, but this release does extend to actions taken or omitted in connection with the process by which BCNEPA considered and selected a Person to engage in a merger or affiliation transaction.

(e) The covenants contained in this Section 6.1 are intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Persons and their respective heirs and

legal representatives and shall not be deemed to be exclusive of any other rights to which an Indemnified Person is entitled, whether pursuant to Law, Contract or otherwise. Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 6.1 may not be amended in any way adverse to an Indemnified Person without the written consent of such Indemnified Person.

(f) In the event that the Surviving Corporation (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision must be made so that the successors or assigns of the Surviving Corporation succeed to all of the obligations set forth in this Section 6.1.

6.2 Post-Merger Employee Matters.

(a) Each BCNEPA Employee of the Acquired Business who is in Good Standing as of the Closing Date (the "Affected Employees") shall become at the Effective Time an at-will employee of the Surviving Corporation with Annual Cash Compensation not less than the Annual Cash Compensation in effect for such employee immediately prior to the Closing Date. Each Affected Employee who remains in Good Standing will be retained, for a period of not less than eighteen (18) months following the Closing Date, in his or her position or in a Comparable Position, with no reduction in his or her Annual Cash Compensation at the Effective Time, *provided that* employee functions may be integrated (with resulting changes in reporting obligations of the Affected Employees), in each case in accordance with Highmark's practices in effect for other Highmark employees in its operating regions outside the BCNEPA Service Area. Highmark shall provide, for a period of not less than eighteen (18) months following the Closing Date, appropriate retraining programs for the Affected Employees designed and administered in a manner to allow both the elimination of redundancy and fair access for the Affected Employees to new or superior employment opportunities.

(b) For each Affected Employee who was a BCNEPA Employee for at least one (1) year before the Closing Date and whose employment is terminated by the Surviving Corporation without Cause or by such employee for Good Reason within eighteen (18) months after the Closing Date, Highmark shall pay to such employee a severance benefit equal to the greater of (i) his or her Annual Cash Compensation (as determined pursuant to the proviso in the definition of Annual Cash Compensation) as of the effective date of his or her termination for the balance of the eighteen month period referenced in Section 6.2(a) above that remains after such date, or (ii) an amount calculated in accordance with Section 6.2(c) below. Highmark shall also provide each such Affected Employee the opportunity to obtain medical insurance coverage for the eighteen month period referred to in this subsection (b) on the same terms and subject to the same conditions as are set forth in BCNEPA's severance policy for employees as in effect as of the date hereof as set forth in the BCNEPA Disclosure Letter.

(c) Except as provided in Section 6.2(b), for each Affected Employee whose employment is terminated by the Surviving Corporation without Cause or by such employee for Good Reason after the Closing Date but prior to the second (2^{nd}) anniversary thereof, Highmark shall pay to such employee a severance benefit in an amount that is calculated in accordance with BCNEPA's severance policy for such employees as in effect as of the date hereof as set forth in the BCNEPA Disclosure Letter or Highmark's severance policy in effect at the time of such termination, whichever is greater. Highmark shall also provide each such Affected Employee the opportunity to obtain medical insurance coverage for the applicable period on the same terms and subject to the

same conditions as are set forth in the severance policy applicable to such employee at the time of termination. Any Affected Employee whose employment is terminated by the Surviving Corporation without Cause or by such employee for Good Reason within the period specified in 6.2(b) or (c) shall receive the severance benefit and medical insurance coverage determined pursuant to the terms of either Section 6.2(b) or (c), whichever is applicable to such Affected Employee, but not both. No such Affected Employee shall be entitled to Annual Cash Compensation pursuant to Section 6.2(a) after the effective date of his or her termination of employment but shall only be entitled after such effective date to the amount determined pursuant to Section 6.2(b) or (c) (as applicable).

(d) Any severance payable by Highmark in accordance with this Section 6.2 shall be payable in accordance with its then applicable payroll practices, subject to any applicable withholding, and may be conditioned on receipt by Highmark of a customary and reasonable release by such terminated employee(s).

(e) Affected Employees will retain any BCNEPA seniority and period of service for purposes of calculating the amount of, and eligibility for, vacation, sick leave and the other benefits provided to similarly situated employees of Highmark, including credit for purposes of eligibility to participate in, and vesting in, and the amount of benefits under all Highmark retirement plans. The most recent BCNEPA hire date for such Affected Employee shall be treated as the Affected Employee's hire date with Highmark for purposes of the Highmark Retiree Welfare Benefits Plan.

(f) Highmark shall provide Affected Employees who are otherwise eligible pursuant to the terms of the plans or policies for such benefits with vacation, sick leave, holidays, health care coverage, life insurance, retirement plans and other employee benefits that are consistent with those offered to other similarly situated employees of Highmark, *provided that* Highmark shall not be deemed to have failed to comply with this Section 6.2(f) to the extent that it continues all BCNEPA Plans, without material modifications (except those required by applicable Law), through the second (2^{nd}) anniversary of Closing.

(g) Highmark shall, from and after the Closing Date and until each of its obligations under this Section 6.2 have been discharged with respect to the Affected Employees, make available to any Affected Employee who claims he or she is entitled to receive a benefit under this Section 6.2 the opportunity to file and pursue claims under the claims procedure set forth in the severance pay plan disclosed in the Highmark Disclosure Letter, or a substantially similar successor claims procedure applicable to all similarly situated employees of Highmark, and the receipt by the Affected Employee of a severance benefit for which he or she is eligible under this Section 6.2 shall constitute the sole remedy of such Affected Employee. Further, any individual who is an Affected Employee and entitled to the benefits determined pursuant to Section 6.2(b) or (c), but who is also party to a Contract listed on the BCNEPA Disclosure Letter with respect to Section 6.2(g), shall be entitled to his or her benefits under such Contract but shall not be entitled to any benefit under Section 6.2(b), (c) or (d).

6.3 Post-Merger Conduct of the Business.

(a) Community Support. From and after the Effective Time, Highmark shall (i) operate the Acquired Business in a manner that is consistent with the historic corporate mission of BCNEPA to provide health services and products to improve the quality, accessibility and affordability of health care in the 13 counties in northeastern Pennsylvania in which BCNEPA

currently provides such services (the "BCNEPA Service Area"), (ii) endeavor to offer innovative and competitive health care insurance products and services in the BCNEPA Service Area, (iii) and shall cause its Affiliates to, continue to seek innovative ways to provide reasonable support to community based programs in the BCNEPA Service Area, including, without limitation, by cooperating with local organizations within the BCNEPA Service Area that sponsor healthcare initiatives that address identified community needs and working to improve the health status of the elderly, poor, and at-risk populations in the communities within the BCNEPA Service Area, which may take the form of support for The Commonwealth Medical College and The United Way, as well as programs which are the same or similar to the Gallery of Hope, The Caring Corps and The Health Workplace awards, in each case as determined from time to time by Highmark, and (iv) use commercially reasonable efforts to cooperate with The Commonwealth Medical College in endeavors to support the ongoing success of The Commonwealth Medical College for so long as the same shall be in the best interest of the Business.

(b) Presence. Highmark recognizes and acknowledges (i) the importance of BCNEPA to the BCNEPA Service Area, of BCNEPA Employees to the success of the Business, and of substantial continued employment within the BCNEPA Service Area to the ongoing success of the Business and the economic vitality of the northeastern Pennsylvania region, and (ii) that economic conditions in the BCNEPA Service Area may encourage the growth of additional employment opportunities that may benefit Highmark and its Affiliates, as well as the local community. For the foregoing reasons, from and after the Closing, Highmark shall (A) at all times maintain regional operations in the BCNEPA Service Area, and (B) until the fourth (4^{th}) anniversary of the Closing Date, (1) use commercially reasonable efforts to cause the minimum number of full time equivalent employees of Highmark and its Affiliates (including the Affiliates of BCNEPA) who are resident in the BCNEPA Service Area to be equal to the lesser of (a) BCNEPA's average number of full time equivalent employees in the Business who were resident in such area during the one (1) year period immediately prior to the Closing Date or (b) the number of such employees on the Closing Date (in each case, not including vacant or unfilled positions); *provided, however*, that (x) any individual who is an employee of AHS, HMS, AHG or HRC as of the date of this Agreement or who becomes such an employee at any time thereafter and who becomes an employee in the Business prior to the Effective Time, other than replacing a BCNEPA Employee in the Business who has ceased to be such an employee and whose position otherwise is vacant or unfilled, shall not be included in this calculation, and (y) material decreases in Highmark enrollment attributable to the Business during such four year period may result in proportionate decreases in such number of full time equivalent employees, (2) use commercially reasonable efforts to maintain employment levels in the Business that are in proportion to the employment levels that Highmark maintains in its other Pennsylvania operating locations that directly service its Pennsylvania-based health policy holders and subscribers, taking into account the relative levels of products and services offered or provided in each such area and the overall business conditions and environment in each such area, respectively, (3) maintain the mean and median cash compensation of the Affected Employees at least at the same levels as in effect in the one (1) year period prior to the Closing Date, subject to annual adjustment during such four year period based on local labor market conditions and (4) confer in good faith with the Advisory Board prior to reducing the number of full time equivalent employees in the Business in such a manner as would cause the number of full time equivalent employees in the Business to be reduced by more than ten percent (10%) in the aggregate during such four year period as compared to the number of BCNEPA employees who were full time equivalent employees in the Business immediately prior to the Closing Date. From and after the Closing Date, Highmark shall, and shall cause its Affiliates to, act in good faith to attempt to identify and create new employment opportunities in the BCNEPA Service Area as business needs and conditions permit.

(c) Name. For a period of not less than twelve (12) months following the Closing Date, Highmark shall, and shall cause the former Subsidiaries of BCNEPA to, operate in the BCNEPA Service Area under such trade names as are in use immediately prior to the Closing Date (subject to the rules and regulations of the BCBSA), with an appropriate acknowledgement of the consummation of the Merger. Following such period, Highmark may effect such changes in the trade names under which it offers and sells products in the BCNEPA Service Area as it shall determine (subject to Highmark's internal branding policies and practices, and the rules and regulations of the BCBSA).

(d) Migration Plan. From and after the Closing, Highmark shall take such actions as shall be reasonably necessary to implement and complete the Migration Plan.

6.4 Post-Merger Charitable Contribution.

(a) On or before the sixtieth (60^{th}) day that follows the first (1^{st}) anniversary of the Closing Date or March 31, 2016, whichever is later, Highmark will cause to be prepared and delivered to the Foundation a statement (the "Operating Loss Statement") which shall set forth its calculation of the Operating Loss of the Acquired Business during calendar year 2015 (the "2015 Operating Loss"), together with reasonably detailed supporting information. From the Effective Time through December 31, 2015, Highmark shall maintain books and records (which shall not include a separate general ledger) providing sufficient information to determine the 2015 Operating Loss of the Acquired Business on a pro forma basis. If BCNEPA's RBC as of the date set forth in the certificate required to be delivered at the Closing under Section 5.3(c) equals or exceeds 725% (before giving effect on a pro forma basis to any Permitted Contribution or the Closing Contribution), as set forth on such certification, and the 2015 Operating Loss is less than Fifteen Million Dollars ($15,000,000) (as reflected in the Operating Loss Statement), then, within five days of the delivery of the Operating Loss Statement, Highmark, as a subsequent charitable contribution, shall cause to be contributed an amount equal to Ten Million Dollars ($10,000,000) to the Charitable Organization(s) designated by a majority of the BCNEPA Advisory Board Representatives.

(b) If the Operating Loss Statement shows that the 2015 Operating Loss is greater than Fifteen Million Dollars ($15,000,000), the Foundation shall have sixty (60) days from the date of its receipt of the Operating Loss Statement to review the Operating Loss Statement as to the calculation and amounts of the 2015 Operating Loss reflected thereon. Highmark shall provide to the Foundation and its accountants and representatives reasonable access upon reasonable prior notice to all relevant personnel, work papers, documentation and data prepared or used by Highmark in connection with preparation of the Operating Loss Statement. Prior to the expiration of such sixty (60) day review period, the Foundation will give to Highmark written notice of any objections of the Foundation to the Operating Loss Statement including written explanations of those items in the Operating Loss Statement which are disputed (a "Dispute Notice"). Any items not disputed in the Dispute Notice will be deemed to have been accepted by the Foundation. If the Foundation does not deliver a Dispute Notice with respect to the Operating Loss Statement within such 60-day period, such Operating Loss Statement will be final, conclusive and binding on the parties. If the Foundation delivers a timely Dispute Notice, (i) the Dispute Notice must include the Foundation's proposed alternative calculation of the 2015 Operating Loss and, thereafter (ii) Highmark and the Foundation shall negotiate in good faith to resolve such dispute. The Foundation will provide Highmark and its representatives reasonable access upon reasonable prior notice to all work papers, documentation and

data prepared or used by the Foundation in the preparation of the Foundation's proposed calculation of the 2015 Operating Loss.

(c) If the Foundation and Highmark are unable to agree in writing on the resolution of all items disputed in a Dispute Notice pursuant to subsection (b) above within fifteen (15) days following Highmark's receipt of the Dispute Notice, the unresolved disputed items will be referred for final binding resolution to the Accounting Arbitrator. The Accounting Arbitrator's function shall be to review only those items set forth on the Operating Loss Statement and Dispute Notice that the Foundation and Highmark were not able to resolve and that remain in dispute and to resolve the dispute with respect to such items. The Accounting Arbitrator shall determine, based solely on presentations by the Foundation and Highmark and their respective representatives, and not by independent review, only those issues in dispute and shall render a written report as to the Accounting Arbitrator's determination on the dispute. In resolving any disputed item, the Accounting Arbitrator shall be bound by the provisions of this Agreement, and shall not assign a value to any item greater than the greatest value for such item claimed by either the Foundation or Highmark or less than the smallest value for such item claimed by either the Foundation or Highmark. The Accounting Arbitrator may not award any party in the aggregate more than the amount in dispute. The Accounting Arbitrator shall be requested with respect to all disputed items submitted to it to render its written decision within thirty (30) days of submission or as soon as practicable thereafter, and shall send copies of such written decision to the Foundation and Highmark. The amount of the 2015 Operating Loss (as agreed upon by the Foundation and Highmark or as finally determined by the Accounting Arbitrator pursuant to this Section 6.4(c), as the case may be) shall be considered final and binding on the parties. If BCNEPA's RBC at the Closing equals or exceeds 725% (before giving effect to the Closing Contribution) and the 2015 Operating Loss is finally determined to be less than Fifteen Million Dollars ($15,000,000), then, within five days from the date on which the 2015 Operating Loss is finally determined, Highmark, as a subsequent charitable contribution, shall cause to be contributed an amount equal to Ten Million Dollars ($10,000,000) to the Charitable Organization(s) designated by a majority of the BCNEPA Advisory Board Representatives. Without limiting the generality of the foregoing, the Foundation and Highmark agree to be bound by all such determinations made pursuant to this Section 6.4(c), including all resolutions of disputed items determined by agreement of the Foundation and Highmark.

(d) The Foundation shall pay or cause to be paid that portion of the fees and expenses of the Accounting Arbitrator equal to 100% multiplied by a fraction, the numerator of which is the amount of disputed items submitted to the Accounting Arbitrator that are resolved in favor of Highmark (computed as the aggregate sum of the difference for each disputed item between the Accounting Arbitrator's determination and the amount claimed by the Foundation to the Accounting Arbitrator for such disputed item) and the denominator of which is the total amount of disputed items submitted to the Accounting Arbitrator (computed as the aggregate sum of the difference for each disputed item of the amount claimed by Highmark to the Accounting Arbitrator for such disputed item and the amount claimed by the Foundation to the Accounting Arbitrator for such disputed item). Highmark shall pay that portion of the fees and expenses of the Accounting Arbitrator that the Foundation is not required to pay pursuant to the preceding sentence.

(e) In the event that Highmark effects a sale of the Business, or effects a conversion in which the Business operates as a for-profit Person, prior to the fifth (5^{th}) anniversary of the Closing Date in which (in either case) Highmark or its Affiliates receive financial consideration in connection with such sale or conversion, Highmark shall simultaneously with the consummation

of such sale or conversion contribute or cause to be contributed an amount equal to twenty-five percent (25%) of the consideration so received to the Charitable Organization(s) designated by a majority of the BCNEPA Advisory Board Representatives.

6.5 Articles of Incorporation. From and after the Effective Time until the four year anniversary of the Closing Date, Highmark Health, as the sole member of Highmark, and Highmark covenant and agree that the articles of incorporation of Highmark (as the Surviving Corporation) as in effect immediately prior to the Effective Time shall not be amended, modified, repealed, revised or restated to change, reduce, limit, restrict or prohibit the terms and provisions in (a) Section 3.3.2, 4.2, 4.3, 4.4, 4.6, 7.1, 7.6, 7.9.2(b), 13.1 or Article IX of the Surviving Corporation Bylaws insofar as any such Section or Article relates to the rights or duties of the Class A Directors or the Advisory Board, as applicable, or (b) Section 5.6 of the Surviving Corporation Bylaws, without the affirmative approval of a majority of the Class A Directors then in office.

6.6 Highmark Health Observer. From and after the Effective Time until the four year anniversary of the Closing Date, Highmark Health covenants and agrees that one of the Class A Directors (who will be selected by the Chairman of the Advisory Board) shall be entitled to attend the annual retreat of the Highmark Health board of directors; *provided that* such Class A Director shall only attend as an observer and may be excluded from any portion of such retreat that constitutes a validly held meeting of the board of directors of Highmark Health.

ARTICLE 7 TERMINATION

7.1 Termination. This Agreement and all rights and obligations hereunder may be terminated and the Merger set forth herein may be abandoned at any time prior to the Effective Time:

(a) By mutual written consent of BCNEPA and Highmark;

(b) By either BCNEPA or Highmark by giving written notice to the other party, if the Merger has not been consummated within eighteen (18) months of the date of this Agreement (but a party shall not be entitled to terminate pursuant to this Section 7.1(b) if the failure of the Merger to have been consummated is due principally to the failure of such party to perform any obligations under the Agreement required to be performed at or prior to the time of termination);

(c) By Highmark by giving written notice to BCNEPA, if the Member Approval has not been obtained by the sixtieth (60^{th}) day after the date of this Agreement;

(d) By either BCNEPA or Highmark by giving written notice to the other party, if any Government Entity of competent jurisdiction has issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action is or has become final and nonappealable;

(e) By BCNEPA by giving written notice to Highmark, if prior to the Closing Date there has occurred a material breach of any covenant or agreement on the part of either Highmark Entity contained in this Agreement or any representation or warranty of Highmark has become untrue, in any material respect, after the date of this Agreement, which breach or untrue representation or warranty (A) would, individually or in the aggregate with all other such breaches and untrue representations and warranties, give rise to the failure of a condition set forth in Section 5.2(a)(i) and (B) is either: (1) incapable of being cured prior to the Closing Date, or (2) not cured

within sixty (60) days following delivery of written notice to Highmark of such breach; *provided that* if such breach or untrue representation or warranty cannot reasonably be cured within such period but is susceptible of cure within one hundred twenty (120) days, then Highmark shall have an additional sixty (60) days to effect such cure so long as Highmark is diligently pursuing such cure. To be effective, any notice of termination pursuant to this Section 7.1(e) must be delivered to Highmark not later than 30 days after BCNEPA has become aware of the breach or untrue representation or warranty;

(f) By Highmark by giving written notice to BCNEPA, if prior to the Closing Date there has occurred a material breach of any covenant or agreement on the part of BCNEPA contained in this Agreement or any representation or warranty of BCNEPA has become untrue, in any material respect, after the date of this Agreement, which breach or untrue representation or warranty (A) would, individually or in the aggregate with all other such breaches and untrue representations and warranties, give rise to the failure of a condition set forth in Section 5.3(a)(i) and (B) is either: (1) incapable of being cured prior to the Closing Date, or (2) not cured within sixty (60) days following delivery of written notice to BCNEPA of such breach; *provided that* if such breach or untrue representation or warranty cannot reasonably be cured within such period but is susceptible of cure within one hundred twenty (120) days, then BCNEPA shall have an additional sixty (60) days to effect such cure so long as BCNEPA is diligently pursuing such cure. To be effective, any notice of termination pursuant to this Section 7.1(f) must be delivered to BCNEPA not later than 30 days after Highmark has become aware of the breach or untrue representation or warranty; or

(g) (i) by Highmark by giving written notice to BCNEPA, if a Governmental Consent shall have been obtained and be in full force and effect that is conditioned upon or shall be proposed, in writing, by such Governmental Entity to include a Highmark Materially Burdensome Condition or (ii) by BCNEPA by giving written notice to Highmark, if a Governmental Consent shall have been obtained and be in full force and effect that is conditioned upon or shall be proposed, in writing, by such Governmental Entity to include a BCNEPA Materially Burdensome Condition.

7.2 Effect of Termination; Termination Fee.

(a) In the event of the termination of this Agreement pursuant to Section 7.1, the rights and obligations of the parties under this Agreement shall terminate, except for the obligations in the confidentiality provisions of Section 4.2, and all of the provisions of this Section 7.2, Section 7.3, Section 7.4 and ARTICLE 8, and there shall be no other liability on the part of any party hereto; *provided, however*, that no party hereto shall be relieved or released from any liabilities or damages arising out of its willful breach of any provision of this Agreement.

(b) Notwithstanding Section 7.2(a), a party who would be entitled to terminate this Agreement under Section 7.1(e) or (f) (as applicable) may elect to either (i) terminate this Agreement and to receive, and the breaching party shall pay to such terminating party, a fee in the amount of Ten Million Dollars ($10,000,000) promptly (but in any event within thirty (30) days) after receipt of notice of termination from the terminating party referencing this Section 7.2(b), which amount shall be paid by wire transfer of immediately available funds to such account as the terminating party shall set forth in such notice of termination (with any amounts not paid when due pursuant to this Section bearing interest from the date such payment is due until the date paid at a rate

equal to five percent per annum), or (ii) not terminate this Agreement and seek specific performance of the breaching party's obligations under this Agreement pursuant to the provisions of Section 8.13.

7.3 Expenses. Each party shall bear its own expenses in connection with this Agreement and the transactions set forth herein, except as otherwise specifically provided in this Agreement and except that each of BCNEPA and Highmark shall bear and pay one-half of the filing fees payable in connection with each filing required under the HSR Act, *provided that* BCNEPA's maximum obligation for each such filing shall not exceed $62,500.

7.4 Further Extension of the Time Period for BCNEPA to exercise the CoC Option under the Shareholders Agreements.

(a) On May 2, 2013, BCNEPA received Highmark's letter dated May 1, 2013 providing BCNEPA written notice of a change of control of Highmark, effective as of April 29, 2013, as required under Section 11 of the Shareholders Agreements. Pursuant to Section 11 of the Shareholders Agreements, BCNEPA had the right and option, for a period of 180 calendar days (prior to the extension of time set forth in the October 16, 2013 and November 8, 2013 letter agreements referred to below) (the "Extension") following the date on which written notice of the change of control was received by BCNEPA, to either (collectively, the "CoC Option") (i) purchase and/or cause FPH and FPLIC, as the case may be, to purchase, all of the shares of common stock of FPH and FPLIC owned (of record or beneficially) by Highmark, or (ii) sell to Highmark all of the shares of common stock of FPH and FPLIC owned by BCNEPA. Pursuant to the Shareholders Agreements, BCNEPA was required to exercise its CoC Option before the expiration of the 180 calendar day period (prior to the Extension) by delivering to Highmark written notice of such exercise. Prior to the Extension, that 180 calendar day period would have ended on October 29, 2013. On October 16, 2013, BCNEPA and Highmark entered into a letter agreement pursuant to which (i) BCNEPA agreed that it would not sign, until after October 25, 2013, any letter of intent or exclusivity agreement with any third party (other than Highmark) for an affiliation or merger transaction and (ii) Highmark agreed that the time period during which BCNEPA could give notice of its exercise of the CoC Option was extended for fifteen calendar days, ending at 11:59 pm on November 13, 2013. On November 8, 2013, BCNEPA and Highmark entered into a letter agreement pursuant to which Highmark agreed that the time period during which BCNEPA could give notice of its exercise of the CoC Option was extended until the earlier of the date of this Agreement or ten (10) days after negotiations between BCNEPA and Highmark terminated, as applicable, with such ten (10) day period commencing upon receipt by BCNEPA or Highmark, as applicable, of written notice of such termination from the other.

(b) Upon a termination of this Agreement pursuant to Section 7.1, Highmark hereby agrees that the time period during which BCNEPA can give notice of its exercise of the CoC Option is further extended until ten (10) days after the effective date of such termination of this Agreement.

ARTICLE 8
GENERAL PROVISIONS

8.1 Non-Survival of Representations, Warranties and Agreements. None of the representations, warranties, covenants or agreements in this Agreement, including any rights arising

out of any breach of such representations, warranties, covenants and agreements, shall survive the Effective Time and no party shall have any rights or remedies as a result, except:

(a) for those covenants and agreements contained in this Agreement that by their terms apply or are to be performed in whole or in part after the Effective Time (including the terms of ARTICLE 6 and this ARTICLE 8); and

(b) for any remedies for fraud, all of which remedies shall survive the Merger.

8.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) on the date of delivery if delivered personally, or by telecopy upon confirmation of receipt; (b) on the first Business Day following the date of dispatch if delivered by a nationally-recognized next-day courier service, fees prepaid; or (c) on the third Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder must be delivered to the addresses set forth below (or such other address for a party as shall be specified by notice given pursuant to this Section 8.2):

<table>
<tr>
<td rowspan="2">If to BCNEPA, on or prior to Closing:

Hospital Service Association of
Northeastern Pennsylvania d/b/a Blue
Cross of Northeastern Pennsylvania
19 North Main Street
Wilkes-Barre, PA 18711
Attention: President and Chief Executive
Officer

with a copy to:

Hospital Service Association of
Northeastern Pennsylvania d/b/a Blue
Cross of Northeastern Pennsylvania
19 North Main Street
Wilkes-Barre, PA 18711
Attention: Sr. Vice President - Chief Legal
Officer</td>
<td>If to Highmark:

Highmark Inc.
Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099
Attention: President</td>
</tr>
<tr>
<td>If to Highmark Health:

Highmark Health
Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099
Attention: Chief Executive Officer and President</td>
</tr>
<tr>
<td>If to the Foundation:

Hospital Service Association of
Northeastern Pennsylvania Foundation
19 North Main Street
Wilkes-Barre, PA 18711
Attention: John P. Moses</td>
<td>In each case, with a copy to:

Highmark Health
Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099
Attention: Chief Legal Officer</td>
</tr>
</table>

8.3 Interpretation. When a reference is made in this Agreement to Articles, Sections, Exhibits or Disclosure Letters, such reference shall be to an Article or Section of or an

Exhibit or Disclosure Letter to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Unless the context otherwise requires: (i) "or" is disjunctive but not necessarily exclusive, (ii) words in the singular include the plural and vice versa, (iii) the use in this Agreement of a pronoun in reference to any Person includes the masculine, feminine or neuter, as the context may require, and (iv) terms used herein that are defined in GAAP have the meanings ascribed to them therein. No provision of this Agreement shall be interpreted in favor of, or against, any party to this Agreement by reason of the extent to which any such party or its counsel participated in the drafting hereof, or by reason of the extent to which any such provision is inconsistent with any prior draft hereof, and no rule of strict construction shall be applied against any party hereto. This Agreement shall not be interpreted or construed to require any Person to take any action, or fail to take any action, if to do so would violate any applicable Law.

8.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of the signature page to this Agreement by facsimile transmission or portable document format (PDF) shall be effective as delivery of a manually executed counterpart.

8.5 Entire Agreement; Third-Party Beneficiaries.

(a) This Agreement, the Plan of Merger, and the Confidentiality Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and thereof.

(b) This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except:

(i) Any Indemnified Person shall have the right to enforce his or her respective rights under Section 6.1; and

(ii) The Foundation shall have the right to enforce those provisions set forth in Section 8.6.

8.6 Foundation. The parties hereby acknowledge and agree that the Foundation has standing and the right, after the Effective Time, to enforce (a) any covenant or agreement described in Sections 6.1, 6.3, 6.4, 6.5 and 6.6 of this Agreement, and (b) the provisions of the Surviving Corporation Bylaws described in (i) Sections 3.3.2, 4.2, 4.3, 4.4, 4.6, 7.1, 7.6, 7.9.2(b), 13.1 and Article IX of the Surviving Corporation Bylaws insofar as any such Section or Article relates to the rights or duties of the Class A Directors or the Advisory Board, as applicable, and (b) Section 5.6 of the Surviving Corporation Bylaws.

8.7 Governing Law. This Agreement and the transactions set forth herein, and all disputes between the parties under or related to this Agreement, whether in contract, tort or

otherwise, shall be governed by and construed in accordance with the internal substantive laws of the Commonwealth of Pennsylvania, applicable to contracts executed in and to be performed entirely within the Commonwealth of Pennsylvania, without regard to conflicts of laws principles.

8.8 Severability. The provisions of this Agreement shall be severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

8.9 Amendment. This Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors, at any time before or after adoption of this Agreement by the members of the parties, but, after any such adoption, no amendment may be made which by Law requires further approval by the members of a domestic nonprofit corporation under the PaNCL without such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

8.10 Extension; Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective Boards of Directors, may, to the extent legally allowed: (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of the party against which such waiver or extension is to be enforced. The failure of either party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

8.11 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any party hereto, in whole or in part (whether by operation of Law or otherwise), without the prior written consent of the other parties hereto, and any attempt to make any such assignment without such consent shall be null and void. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

8.12 Dispute Resolution; Jury Waiver.

(a) BCNEPA, Highmark and Highmark Health each hereby irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by the other or its successors or assigns must be brought and determined exclusively in any federal or state court of competent jurisdiction located in the Commonwealth of Pennsylvania.

(b) BCNEPA, Highmark and Highmark Health each hereby waives any right to trial by jury of any claim, demand, action or cause of action (i) arising under this Agreement or any other instrument, document or agreement executed or delivered in connection herewith, or (ii)

in any way related to the dealings of the parties hereto or any of them with respect to this Agreement or any other instrument, document or agreement executed or delivered in connection herewith, or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract or tort or otherwise, and BCNEPA, Highmark and Highmark Health each hereby consents that any such claim, demand, action or cause of action shall be decided by court without a jury, and that any party to this Agreement may file an original counterpart or a copy of this Section with any court as written evidence of the consents of the parties hereto to the waiver of their right to trial by jury.

8.13 Specific Performance. The parties hereto each acknowledge that the rights of each party to consummate the transactions contemplated hereby are special, unique and of extraordinary character, and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party would be without an adequate remedy at Law. Accordingly, the parties agree that, in addition to any other remedies, each party shall be entitled to enforce the terms of this Agreement by a decree of specific performance without the necessity of proving the inadequacy of money damages as a remedy. Each party hereby waives any requirement for the securing or posting of any bond in connection with such remedy.

8.14 Definitions. As used in this Agreement:

(a) "2015 Operating Loss" has the meaning set forth in Section 6.4(a).

(b) "Accounting Arbitrator" means a nationally recognized accounting firm, not then, or in the prior one year period, engaged by Highmark, Highmark Health or the Foundation to provide services, selected by mutual agreement of the Foundation and the Surviving Corporation.

(c) "Acquired Business" means the business, assets and liabilities of BCNEPA and its Subsidiaries (excluding the business, interests, assets and liabilities of AHG, HRC and the Foundation).

(d) "Advisory Board" means the "NEPA Advisory Board" as defined in the Surviving Corporation Bylaws.

(e) "Affected Employees" has the meaning set forth in Section 6.2(a).

(f) "Affiliate" means, with respect to a Person, any Person controlling, controlled by or under common control with such Person; provided that notwithstanding the foregoing definition, any and all references in this Agreement to an Affiliate or Affiliates of BCNEPA shall exclude AHG, HRC and the Foundation. For the purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities representing a majority of the voting securities, by contract, or otherwise; *provided that* an individual is not an Affiliate by reason of such individual serving on the Board of Directors or similar governing body of a multi-member Board of Directors or similar governing body. In the case of an individual, an Affiliate also includes such individual's spouse, domestic partner, parents, step-parents, children, step-children, brothers or sisters, aunts, uncles and in-laws (mother, father, brother and sister); and anyone living in the same residence as such individual.

(g) "Agreement" has the meaning set forth in the first paragraph.

(h) "AHG" has the meaning set forth in Paragraph E of the Background section.

(i) "AHS" has the meaning set forth in Paragraph E of the Background section.

(j) "Alternative Transaction" means, with respect to BCNEPA or any of its Subsidiaries, any of the following events: an affiliation, member substitution, merger, consolidation, business combination, reorganization, recapitalization, liquidation, dissolution, or other similar transaction between such Person and a Third Party;

(i) any conversion of such Person from a nonprofit corporation to a for-profit corporation; or

(ii) the acquisition by a Third Party, in a single transaction or a series of related transactions, of assets: (A) that comprise 5% or more of such Person's consolidated assets as shown on such party's most recent quarterly consolidated balance sheet, or (B) to which 5% or more of such Person's consolidated revenues, as shown on its most recent quarterly consolidated statement of operations, are attributable.

provided that any matter or transaction that would otherwise constitute an "Alternative Transaction" but that (A) relates solely to AHG, HRC, the Foundation and/or the respective assets thereof, or (B) is permitted by Section 3.1(c)(i), shall not constitute an Alternative Transaction for purposes of this definition and Section 4.5 of this Agreement.

(k) "Annual Cash Compensation" means, at any time the amount thereof is to be determined with respect to any individual, such individual's annual base salary or annualized hourly compensation (based on such individual's hourly rate and a 40 hour work week), as applicable, at such time (so long as such amount complies with Section 6.2(a)) and the opportunity to participate in any applicable annual incentive compensation plan then in effect (so long as such plan complies with Section 6.2(a)) on the same terms and subject to the same conditions as were applicable to such participation immediately prior to the time such salary or compensation is to be determined; *provided, however, that*, solely for purposes of Section 6.2(b)(i), "Annual Cash Compensation" means, at any time the amount thereof is to be determined with respect to any individual, such individual's annual base salary or annualized hourly compensation (based on such individual's hourly rate and a 40 hour work week), as applicable, immediately prior to his or her effective date of termination of employment (so long as such amount complies with Section 6.2(a)) plus an amount equal to a pro rated portion of such individual's annual target incentive compensation for such year (so long as such amount complies with Section 6.2(a)). For purposes of the preceding proviso, pro rated portion means (i) a fraction, the numerator of which is the aggregate number of days in the calendar year in which the effective date of termination of employment occurs (the "Applicable Year") that such individual was employed by BCNEPA and the Surviving Corporation and the denominator of which is 365, and (ii) for each calendar year after the Applicable Year during the balance of the 18 month period referred to in Section 6.2(b), zero.

(l) "Applicable Year" has the meaning set forth in the defined term Annual Cash Compensation.

(m) "Articles of Merger" has the meaning set forth in Section 1.3.

(n) "BCBSA" has the meaning set forth in Paragraph D of the Background section.

(o) "BCBSA Marks" has the meaning set forth in Paragraph D of the Background section.

(p) "BCNEPA" has the meaning set forth in the first paragraph.

(q) "BCNEPA Advisory Board Representatives" has the meaning set forth in Section 1.6.

(r) "BCNEPA Audited Financial Statements", "BCNEPA Interim Financial Statements" and "BCNEPA Financial Statements" have the respective meanings set forth in Section 2.1(c)(i).

(s) "BCNEPA Disclosure Letter" means a Disclosure Letter delivered by BCNEPA.

(t) "BCNEPA Employees" has the meaning set forth in Section 2.1(q)(i).

(u) "BCNEPA ERISA Affiliate" has the meaning set forth in Section 2.1(q)(iii).

(v) "BCNEPA ERISA Plans" has the meaning set forth in Section 2.1(q)(ii).

(w) "BCNEPA Governmental Consents" has the meaning set forth in Section 2.1(b)(iii).

(x) "BCNEPA Insurance Policies" has the meaning set forth in Section 2.1(s).

(y) "BCNEPA Material Contracts" has the meaning set forth in Section 2.1(p).

(z) "BCNEPA Materially Burdensome Condition" means any term or condition imposed by any Governmental Entity in connection with the receipt of any BCNEPA Governmental Consent that reduces, limits, restricts or prohibits:

(i) the transactions contemplated by Section 1.6 or 3.1(c);

(ii) the Closing Contribution;

(iii) the provisions of the Surviving Corporation Bylaws described in (i) Section 3.3.2, 4.2, 4.3, 4.4, 4.6, 7.1, 7.6, 7.9.2(b), 13.1 or Article IX of the Surviving Corporation Bylaws insofar as any such Section or Article relates to the rights or duties of the Class A Directors or the Advisory Board, as applicable, or (b) Section 5.6 of the Surviving Corporation Bylaws; or

(iv) the provisions of Section 6.1, 6.2, 6.3(a), 6.3(b), 6.4, 6.5, 8.5(b) or 8.6 or any defined term as it relates to any of such Sections.

(aa) "BCNEPA Pension Plan" has the meaning set forth in Section 2.1(q)(ii).

(bb) "BCNEPA Permits" has the meaning set forth in Section 2.1(i)(i).

(cc) "BCNEPA Plans" has the meaning set forth in Section 2.1(q)(i).

(dd) "BCNEPA Service Area" has the meaning set forth in Section 6.3(a).

(ee) "BCNEPA Signing/Closing Material Contract" means each of the following Contracts to which BCNEPA or any of its Subsidiaries (excluding for subsections (i) and (ii) below, FPH and FPLIC) is proposed to be a party or by which BCNEPA or any of its Subsidiaries (excluding for subsections (i) and (ii) below, FPH and FPLIC) is proposed to be bound following the date of this Agreement:

(i) any Contract with a customer that involves a price below BCNEPA's or such Subsidiary's care and administrative cost associated with that Contract;

(ii) any provider Contract outside the ordinary course of business;

(iii) any Contract that would be included in subsection (B), (C), (D), (E), (F), (G), (J), (K) or (L) of Section 2.1(p)(i);

(iv) (1) any real estate lease or (2) any lease for personal property requiring aggregate payments during the remainder of the then current term thereof (excluding any Evergreen Renewals) in excess of $250,000, in each case not cancelable by BCNEPA (without premium or penalty) within 12 months;

(v) any license with respect to any IT Assets requiring aggregate payments during the remainder of the then current term thereof (excluding Evergreen Renewals) in excess of $75,000 (other than routine off the shelf licenses generally available to the public); or

(vi) any other Contract involving payment by BCNEPA or any of its Subsidiaries, or an increase in payment by BCNEPA or any of its Subsidiaries under such Contract, of more than $10,000,000 annually.

(ff) "BCNEPA State Agencies" and "BCNEPA State Agency Filings" have the respective meanings set forth in Section 2.1(d).

(gg) "BCNEPA supplemental disclosure" has the meaning set forth in Section 4.9(a).

(hh) "BCNEPA Third-Party Consents" has the meaning set forth in Section 5.2(b).

(ii) "Benefit Plans" means, with respect to any Person, each employee benefit plan, program and contract (including any "employee benefit plan," as defined in Section 3(3) of ERISA, and any vacation, bonus, deferred compensation, stock bonus, stock purchase, restricted stock, stock option, employment, termination, stay agreement or bonus, change in control and severance plan, program and contract), which is maintained or contributed to by such Person or any of its ERISA Affiliates, or with respect to which such Person or any of its ERISA Affiliates could incur any liability.

(jj) "Board of Directors" means the Board of Directors of any specified Person and, unless the context otherwise requires, any committees thereof.

(kk) "Business" means the Acquired Business excluding the business, assets and liabilities of AHS and HMS.

(ll) "Business Day" means any day on which banks are not required or authorized to close in the City of Pittsburgh.

(mm) "Cause" means (i) the Affected Employee's willful or gross neglect of his or her duties, including the refusal of the Affected Employee to follow written directives of the Highmark Board of Directors or its delegate; *provided, however*, that this term shall not apply if such gross neglect or refusal is capable of a cure and the Affected Employee cures the same within five (5) days after receiving written notice from Highmark; (ii) the conviction of the Affected Employee of a felony, except for such activities relating to the corporate activity with respect to which the Affected Employee would be entitled to indemnification by the Surviving Corporation; (iii) the engaging of the Affected Employee in willful or gross misconduct which is materially injurious, financially or otherwise, to Highmark; or (iv) the deliberate violation of Highmark's material policies or business standards.

(nn) "Change of Control" means, with respect to Highmark Health or Highmark, as the case may be, any event, whether at one time or in a series of transactions, resulting in (A) a merger, consolidation, affiliation, member substitution (other than the substitution of individual members of Highmark Health in the ordinary course of Highmark Health's affairs) or division of or other transaction with a third party other than an Affiliate of Highmark Health in which (i) the members of Highmark Health immediately prior to the transaction in question are entitled to elect less than a majority of the Board of Directors or other governing body of the surviving entity or entities, or (ii) Highmark Health becomes entitled to elect less than a majority of the Board of Directors of Highmark, following consummation of such transaction, (B) Highmark Health or Highmark transferring to a third party other than an Affiliate ownership of assets which account for more than 33 1/3% of the book value of its consolidated or combined (as applicable) assets or revenues utilized in or derived from its health insurance business, (C) either Highmark Health or Highmark converting to a for-profit corporation, (D) Highmark Health losing (whether by termination or otherwise) its BCBSA license, and, if Highmark Health elects to appeal or challenge such loss, the determination of the loss of such license has become final and non-appealable, (E) the voluntary grant by Highmark Health or Highmark to a third party other than an Affiliate of the power to control (directly or indirectly) the management and operations of assets accounting for more than 33 1/3% of the book value of the consolidated assets or revenues of Highmark utilized in or derived from its health insurance business for a term greater than 5 years, or (F) the voluntary grant by Highmark Health or Highmark to a third party other than an Affiliate of the power to approve or to disapprove (directly or indirectly) any action with respect to assets accounting for more than 33 1/3%

of the book value of the consolidated assets or revenues of Highmark utilized in or derived from its health insurance business that otherwise would be taken by a majority of the members of the Board of Directors or other governing body of Highmark Health or Highmark, respectively; it being understood, however, that neither the grant of covenants in favor of commercial lenders under commercial credit facilities or other commercial debt arrangements in connection with the borrowing of monies by Highmark, Highmark Health or their respective Affiliates, nor any agreements entered into by Highmark Health or Highmark as required by the orders, directives or requirements of the BCBSA or any Governmental Entity shall constitute a "Change of Control."

(oo) "Charitable Organization" shall mean (i) any currently existing or subsequently formed nonprofit Person that (A) qualifies as a charitable organization exempt from the payment of federal income tax pursuant to Section 501(c)(3) of the Code, or (B) that is intended to qualify and that will promptly submit after the Closing Date (after providing it for review by Highmark), a Form 1023 (Application For Recognition of Exemption) that will, if determined by the IRS, entitle such Person to be recognized by the IRS as exempt from the payment of federal income tax pursuant to Section 501(c)(3) of the Code, (ii) that is or would be eligible to receive any portion of the Closing Contribution and the contribution contemplated by Section 6.4(a) without resulting in any Tax payable by BCNEPA or any Highmark Entity or by any of their respective Affiliates, and (iii) whose entity purpose is to support health care, economic and community development and other purposes that complement or supplement the historic mission of BCNEPA.

(pp) "Class A Directors" has the meaning set forth in the Surviving Corporation Bylaws.

(qq) "Closing" and "Closing Date" have the respective meanings set forth in Section 1.2.

(rr) "Closing Contribution" means Ninety Million Dollars ($90,000,000) less any Permitted Contributions. Notwithstanding the foregoing, if BCNEPA's RBC as of the date set forth in the certificate required to be delivered at the Closing under Section 5.3(c) is or would be less than 375% after giving effect to the amount BCNEPA intends to contribute pursuant to Section 3.1(c)(v) (together with any previous or contemporaneous Permitted Contributions), the amount of the Closing Contribution shall be reduced by such amount as shall be necessary to cause BCNEPA's RBC as of such date to be increased to 375%, *provided, however*, that in no event shall the sum of the Closing Contribution and any Permitted Contribution be reduced to less than $50,000,000 as a result of application of this sentence, even if such RBC is not increased to 375%.

(ss) "CoC Option" has the meaning set forth in Section 7.4(a).

(tt) "Code" means the Internal Revenue Code of 1986, as amended.

(uu) "Comparable Position" means a position with the same or similar scope and breadth of, but not necessarily the same, duties, allowing for changes in (i) title; (ii) salary grade (with no corresponding reduction in Annual Cash Compensation) of not more than one salary grade lower than the Affected Employee's position at the Effective Time; (iii) reporting relationship; (iv) organizational unit; and (v) allowing for overnight travel as required by the business and not to exceed the following overnight travel guidelines unless agreed upon in advance by the Affected Employee:

Business Need	Affected Employees in a Role with a BCNEPA Salary Grade equal to or less than E9 and all non-exempt Affected Employees	Affected Employees in a Role with a BCNEPA Salary Grade greater than E9	Affected Employees agreeing to assignment to the Integration Team
Training	No limit	No limit	No limit
Periodic Integration Support Duties	2 overnight stays per month averaged over a rolling 60-day period	5 overnight stays per month averaged over a rolling 60-day period	No limit
BAU Duties	Up to 30% increase from the Affected Employee's experience during the one-year period preceding Closing	Up to 50% increase from the Affected Employee's experience during the one-year period preceding Closing	No limit

(vv) "Confidentiality Agreement" has the meaning set forth in Section 4.2(a).

(ww) "Contract" means any contract, agreement, undertaking or arrangement, whether written or oral.

(xx) "Contribution Transaction" has the meaning set forth in Section 3.1(c).

(yy) "Disclosure Letter" by a party means a letter delivered as of the date of this Agreement containing exceptions to the representations and warranties in this Agreement, which will be organized by reference to the sections of such representations and warranties and deemed to modify those representations specifically referenced therein.

(zz) "Dispute Notice" has the meaning set forth in Section 6.4(b).

(aaa) "Effective Time" has the meaning set forth in Section 1.3.

(bbb) "Environmental Laws", Environmental Liabilities", "Environmental Permits" and "Hazardous Materials" have the respective meanings set forth in Section 2.1(n)(ii).

(ccc) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(ddd) "Existing ASA" has the meaning set forth in Section 4.8.

(eee) "Extension" has the meaning set forth in Section 7.4(a).

(fff) "Evergreen Renewals" has the meaning set forth in Section 2.1(p)(i)(H).

(ggg) "Foundation" means Hospital Service Association of Northeastern Pennsylvania Foundation, d/b/a The Blue Ribbon Foundation of Blue Cross of Northeastern Pennsylvania, a charitable organization exempt from the payment of federal income tax pursuant to Section 501(c)(3) of the Code.

(hhh) "FPH" has the meaning set forth in Section 2.1(p)(i)(C).

(iii) "FPLIC" has the meaning set forth in Section 2.1(p)(i)(C).

(jjj) "GAAP" means generally accepted accounting principles in the United States.

(kkk) "Good Reason" means a termination of employment by an Affected Employee due to (i) a relocation or transfer, without the prior written consent of such Affected Employee, of such Affected Employee's location of employment from such Affected Employee's location of employment as of the Effective Time to a location that is more than 25 miles from such prior place of employment, (ii) any reduction in Annual Cash Compensation payable to such Affected Employee from the Annual Cash Compensation then in effect, or (iii) a failure to retain such Affected Employee in his or her current or a Comparable Position without the prior written consent of such Affected Employee.

(lll) "Good Standing" means the Affected Employee has achieved a performance rating greater than "Does Not Meet Expectations" and is not on a final written warning.

(mmm) "Governmental Consents" has the meaning set forth in Section 5.1(c).

(nnn) "Governmental Entity" means any supranational, national, state, municipal, local or foreign government, any instrumentality, subdivision, court, arbitral, administrative agency or commission or other authority thereof, or any quasi-governmental or private body exercising any regulatory, taxing or other governmental or quasi-governmental authority or any officer or official thereof acting in such capacity.

(ooo) "Highmark" has the meaning set forth in the first paragraph.

(ppp) "Highmark Audited Financial Statements", "Highmark Interim Financial Statements", "Highmark Financial Statements" and "Highmark Health Financial Statements" have the respective meanings set forth in Section 2.2(c)(i).

(qqq) "Highmark Disclosure Letter" means a Disclosure Letter delivered by Highmark.

(rrr) "Highmark Employees" has the meaning set forth in Section 2.2(o)(i).

(sss) "Highmark Entity" and "Highmark Entities" means Highmark and Highmark Health, individually and collectively.

(ttt) "Highmark ERISA Affiliate" has the meaning set forth in Section 2.2(o)(ii).

(uuu) "Highmark Governmental Consents" has the meaning set forth in Section 2.2(b)(iii).

(vvv) "Highmark Health" has the meaning set forth in the first paragraph.

(www) "Highmark Material Contract" means any Contract to which either Highmark Entity is a party the absence of which would be expected to have a Material Adverse Effect on Highmark or Highmark Health.

(xxx) "Highmark Materially Burdensome Condition" means any of the following conditions or limitations imposed by any Governmental Entity in connection with the receipt of any Highmark Governmental Consent:

(i) any material condition, limitation or imposition on the ability of Highmark Health or any of its "controlled affiliates" (as defined in the rules and regulations of the BCBSA) to hold or exercise any rights, powers or privileges as a BCBSA licensee in any market;

(ii) any requirement that Highmark Health or the Surviving Corporation or any Subsidiary of Highmark Health or the Surviving Corporation sell, transfer or dispose of, or agree to sell, transfer or dispose of, to any Person, any property or assets having a fair value, individually or in the aggregate, of more than $25,000,000;

(iii) the imposition of any Tax not in effect as of the date of this Agreement, or any increase in the amount of any such Tax; the imposition of any other payment obligation, except the obligation to pay the filing fees and reimburse the reasonable fees and expenses of any Government Entity in connection with the approval of the transactions contemplated hereby; any requirement that any Person make or become subject to any rate guarantee, community health reinvestment obligation, or any other requirement not in effect on the date hereof; in any of the foregoing cases which has or is reasonably likely to have an adverse financial or economic impact on Highmark in excess of $25,000,000, individually or in the aggregate;

(iv) the imposition of any material risk-based capital requirement not in effect on the date hereof, or any change in any such requirement or the applicability thereof;

(v) any requirement that Highmark Health or Highmark or any of their respective Subsidiaries or Affiliates modify or amend their Organizational Documents or otherwise make changes to their governance or organizational structure or management structure except as set forth in this Agreement;

(vi) any material condition or limitation on Highmark's ability to own or operate the Business from and after the Closing, including any requirement that Highmark or the Surviving Corporation maintain facilities, operations, places of business, employment levels, products or business, except, in each such case, as set forth in this Agreement; and

(vii) any enhancement or expansion of BCNEPA's rights beyond those set forth in Section 8.14(z)(i) through (iv).

(yyy) "Highmark Permits" has the meaning set forth in Section 2.2(i).

(zzz) "Highmark Pension Plan" has the meaning set forth in Section 2.2(o)(ii).

(aaaa) "Highmark Plans" has the meaning set forth in Section 2.2(o)(i).

(bbbb) "Highmark State Agencies" and "Highmark State Agency Filings" have the respective meanings set forth in Section 2.2(d).

(cccc) "Highmark supplemental disclosure" has the meaning set forth in Section 4.9(b).

(dddd) "Highmark Third-Party Consents" has the meaning set forth in Section 5.3(b).

(eeee) "HMS" has the meaning set forth in Paragraph E of the Background section.

(ffff) "HRC" has the meaning set forth in Paragraph E of the Background section.

(gggg) "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(hhhh) "Indemnified Persons" has the meaning set forth in Section 6.1(a).

(iiii) "Intellectual Property" has the meaning set forth in Section 2.1(o)(ii).

(jjjj) "IRS" means the Internal Revenue Service.

(kkkk) "IT Assets" has the meaning set forth in Section 2.1(o)(ii).

(llll) "known" or "knowledge" means, with respect to a party or its Subsidiary, the actual knowledge, after reasonable inquiry, of, in the case of BCNEPA, the President and Chief Executive Officer, Vice President- Chief Medical Officer, Sr. Vice President -Chief Administrative Officer, Sr. Vice President - Chief Financial Officer and Treasurer, Sr. Vice President - Chief Sales and Marketing Officer, Sr. Vice President - Chief Legal Officer, Vice President Corporate Assurance and Compliance and Vice President Strategic and Business Planning, and, in the case of Highmark, the President, Highmark Health Plan and President, Highmark Diversified Services; the Chief Executive Officer and President, Executive Vice President and Chief Legal Officer, Executive Vice President and Chief Audit and Compliance Officer, Executive Vice President and Chief Administrative and Financial Officer, Executive Vice President and Chief Human Resources Officer, Executive Vice President and Chief External Affairs and Communications Officer, Executive Vice President and Chief Information Officer and Executive Vice President and Chief Strategy Officer of Highmark Health.

(mmmm) "Law" means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, executive order, treaty, judgment, injunction, decree, other order (whether temporary, preliminary or permanent) or other requirement or rule of law of any Governmental Entity.

(nnnn) "Liens" means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), other charge or security interest; any preference, priority or other agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement; any capital lease having substantially the same economic effect as any of the foregoing), or any easement, right-of-way, restriction or imperfection of title.

(oooo) "Material Adverse Effect" means, with respect to a Person, any one or more effects that, individually or in the aggregate, are materially adverse to:

(i) the business, assets, operations or financial condition of such Person and its Subsidiaries, taken as a whole, *provided, however, that* in no event shall any of the following, either alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been a Material Adverse Effect:

(A) the Pennsylvania, United States or global economy in general;

(B) the announcement of this Agreement or the transactions set forth herein;

(C) changes in applicable Laws or in GAAP or statutory accounting principles, or the interpretation or enforcement thereof;

(D) the taking of any action required, permitted or contemplated by this Agreement or the transactions set forth herein;

(E) changes resulting from acts of war or terrorism, or acts of God;

(F) changes affecting the industry in which such Person operates generally (whether in the United States or internationally);

(G) any changes that result from the failure by such Person to meet internal or other estimates, predictions, projections or forecast of revenue, net income or any other measure of financial performance for any period;

(H) the taking of any action approved or consented to by any other party to this Agreement; or

(I) any action required to be taken under applicable Laws;

provided that, with respect to each of clauses 8.14(oooo)(A), (C), (E) and (F), such effect is not materially disproportionate with respect to such Person and its

Subsidiaries, taken as a whole, than the effect on comparable health benefits businesses generally; or

(ii) the ability of a party to this Agreement to consummate the transactions set forth herein in accordance with the terms hereof.

(pppp) "Member Approval" has the meaning set forth in Section 4.1

(qqqq) "Merger" has the meaning set forth in Paragraph A of the Background section.

(rrrr) "Migration Plan" has the meaning set forth in Section 4.8.

(ssss) "Multiemployer Plans" has the meaning set forth in Section 2.1(q)(ii).

(tttt) "Net Proceeds" shall mean the consideration, both cash and noncash, received pursuant to a Sale Transaction less any transaction expenses (including legal, accounting and investment banking fees) paid or payable by the seller solely as a result of such Sale Transaction and less any federal or state income taxes paid or payable solely as a result of any gain on such Sale Transaction.

(uuuu) "Operating Loss" means a loss on the consolidated financial results of the Acquired Business after accounting for premium and premium equivalent revenues, other operating revenues, medical care costs incurred (net of any change in premium deficiency and claim reserves), administrative and operating expenses and the impacts of the Reinsurance, Risk Corridor and Risk Adjustment program provisions of the Affordable Care Act, *provided, however, that* Operating Loss shall not be increased by the effects of any material changes to the Acquired Business attributable to or made by Highmark or Highmark Health after the Merger, including but not limited to (i) the impact of lower Blue Card revenue of the Acquired Business from Highmark or resulting from Highmark's agreements with other BCBSA licensees, or (ii) increased administrative overhead or other like cost allocations from Highmark Health or Highmark to the extent not applied proportionately to other organizations within the Highmark Health or Highmark enterprise, respectively. Without limitation of the foregoing, if Highmark makes material changes in the Acquired Business following Closing which cause the Operating Loss of the Acquired Business during calendar year 2015 to be greater than$15,000,000, the effect of such changes will be eliminated from the determination of the Operating Loss of the Acquired Business during calendar year 2015.

(vvvv) "Operating Loss Statement" has the meaning set forth in Section 6.4(a).

(wwww) "Organizational Documents" means the certificate or articles of incorporation and bylaws of a corporation, the certificate of organization or formation and operating agreement of a limited liability company, or similar external and internal governance documents of other entities.

(xxxx) "other party" means the Highmark Entities (in reference to BCNEPA) or BCNEPA (in reference to Highmark).

(yyyy) "PaNCL" has the meaning set forth in Paragraph A of the Background section.

(zzzz) "Permitted Contributions" has the meaning set forth in Section 3.1(b)(vii).

(aaaaa) "Permitted Liens" means: (i) any Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings; (ii) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar Liens; (iii) pledges or deposits in connection with workers' compensation, unemployment insurance, and other social security legislation; (iv) Liens which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the use or value of such property; (v) in the case of real property, (A) easements, quasi-easements, declarations, licenses, covenants, rights-of-way, rights of re-entry or other similar restrictions and/or items that would be shown by a current title report or other similar report or listing (including, without limitation, the standard or printed exclusions customarily set forth in title policies in the applicable jurisdiction) or are otherwise ascertainable by an inspection or survey of the real property, (B) any conditions that are or would be shown on a current survey, and (C) zoning, building, subdivision or other similar requirements or restrictions which do not materially impair the use of the real property for the purposes for which currently used, and (vii) Liens set forth on the BCNEPA Disclosure Letter or Highmark Disclosure Letter, as applicable.

(bbbbb) "Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or group.

(ccccc) "PID" means the Pennsylvania Insurance Department.

(ddddd) "PID Filing" has the meaning set forth in Section 4.4(c).

(eeeee) "Plan of Merger" has the meaning set forth in Section 1.3.

(fffff) "Platform" has the meaning set forth in Section 4.8.

(ggggg) "Post-Signing Audited Financial Statements", "Post-Signing Interim Financial Statements", "Post-Signing Financial Statements" and "Post-Signing State Agency Filings" have the respective meanings set forth in Section 4.3.

(hhhhh) "RBC" means "risk-based capital" as such term is understood under the rules, regulations and policies of the BCBSA and the PID.

(iiiii) "Releasing Parties" has the meaning set forth in Section 6.1(d).

(jjjjj) "Review Period" has the meaning set forth in Section 3.1(d).

(kkkkk) "Sale Transaction" has the meaning set forth in Section 3.1(c).

(lllll) "Shareholders Agreements" has the meaning set forth in Section 2.1(p)(i)(C).

(mmmmm) "Single-Employer Plan" has the meaning set forth in Section 2.1(q)(iii).

(nnnnn) "Subsidiary" when used with reference to a Person, means any corporation, limited liability company, partnership or other organization, whether incorporated or unincorporated, (i) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization are directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or (ii) at least a majority of the directors, managers or other governing body of which such Person has the power (pursuant to governing document, contract or otherwise) to elect, appoint or designate; provided that notwithstanding the foregoing definition, any and all references in this Agreement (other than in Section 2.1(c)(i) and (ii) and Section 4.3) to a Subsidiary or Subsidiaries of BCNEPA shall exclude AHG, HRC and the Foundation. "Subsidiaries" has a correlative meaning.

(ooooo) "Surviving Corporation" has the meaning set forth in Section 1.1.

(ppppp) "Surviving Corporation Bylaws" has the meaning set forth in Section 1.6.

(qqqqq) "Tax" (including, with correlative meaning, the terms "Taxes" and "Taxable") means all federal, state, local and foreign income, profits, premium, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, production, value added, occupancy, estimated, capital gains, alternative minimum and other taxes of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts or filing requirements and any interest in respect of such penalties and additions.

(rrrrr) "Tax Return" means all returns and reports (including elections, declarations, disclosures, schedules, estimates, information returns, claims for refund, and amended returns) relating to Taxes.

(sssss) "Third Party" means, with respect to a party to this Agreement, a Person other than such party, an Affiliate of such party, the other party or an Affiliate of the other party.

(ttttt) "Violation" has the meaning set forth in Section 2.1(b)(ii).

IN WITNESS WHEREOF, BCNEPA, Highmark and Highmark Health have caused this Agreement of Merger to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

BCNEPA

HOSPITAL SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA D/B/A BLUE CROSS OF NORTHEASTERN PENNSYLVANIA

By:_____
Name:
Title:

HIGHMARK

HIGHMARK INC.

By: DeAnahRica Johnson
Name:
Title:

HIGHMARK HEALTH

Intending to be legally bound, the undersigned, on behalf of itself and its successors and assigns, joins in this Agreement of Merger solely for purposes of Sections 1.6, 3.2(b), 4.1(b), 4.4, 6.5 and 6.6 and Article 8 of this Agreement:

HIGHMARK HEALTH

By: William Winkenwerder Jr.
Name: William Winkenwerder Jr.
Title: President and CEO

FOUNDATION

Intending to be legally bound, in order to induce BCNEPA to enter into this Agreement of Merger, the undersigned, on behalf of itself and its successors and assigns, joins in this Agreement of Merger solely for purposes of Section 8.6 of this Agreement:

HOSPITAL SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA FOUNDATION

By:_____
Name:
Title:

IN WITNESS WHEREOF, BCNEPA, Highmark and Highmark Health have caused this Agreement of Merger to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

BCNEPA

HOSPITAL SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA D/B/A BLUE CROSS OF NORTHEASTERN PENNSYLVANIA

By: _____
Name: Denise S. Cesare
Title: President & CEO

HIGHMARK

HIGHMARK INC.

By: _____
Name:
Title:

HIGHMARK HEALTH

Intending to be legally bound, the undersigned, on behalf of itself and its successors and assigns, joins in this Agreement of Merger solely for purposes of Sections 1.6, 3.2(b), 4.1(b), 4.4, 6.5 and 6.6 and Article 8 of this Agreement:

HIGHMARK HEALTH

By: _____
Name:
Title:

FOUNDATION

Intending to be legally bound, in order to induce BCNEPA to enter into this Agreement of Merger, the undersigned, on behalf of itself and its successors and assigns, joins in this Agreement of Merger solely for purposes of Section 8.6 of this Agreement:

HOSPITAL SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA FOUNDATION

By: _____
Name: Denise S. Cesare
Title: President & CEO

LIST OF EXHIBITS

EXHIBIT A – Articles of Merger

EXHIBIT A-1 – Plan of Merger

EXHIBIT B – Surviving Corporation Bylaws

EXHIBIT C – Subsidiaries of BCNEPA

EXHIBIT A

PENNSYLVANIA DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS

Articles/Certificate of Merger

(15 Pa.C.S.)

___ Domestic Business Corporation (§ 1926)
_X_ Domestic Nonprofit Corporation (§ 5926)
___ Limited Partnership (§ 8547)

Name

Address

City State Zip Code

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

Fee: $150 plus $40 additional for each Party in additional to two

In compliance with the requirements of the applicable provisions (relating to articles of merger or consolidation), the undersigned, desiring to effect a merger, hereby state that:

1. The name of the corporation~~/limited partnership~~ surviving the merger is:
Highmark Inc.

2. *Check and complete one of the following:*

_X_ The surviving corporation~~/limited partnership~~ is a domestic ~~business~~/nonprofit corporation~~/limited partnership~~ 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: 1800 Center Street | City: Camp Hill | State: PA | Zip: 17011 | County: Cumberland

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

___ The surviving corporation/limited partnership is a qualified foreign business/nonprofit corporation /limited partnership incorporated/formed 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 surviving corporation/limited partnership is a nonqualified foreign business/nonprofit corporation/limited partnership incorporated/formed 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 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 other domestic ~~business~~/nonprofit corporation/~~limited partnership and qualified foreign business/nonprofit corporation/limited partnership~~ which is a party to the plan of merger are as follows:

Name	Registered Office Address	Commercial Registered Office Provider	County
Hospital Service Association of Northeastern Pennsylvania		19 N. Main St., Wilkes-Barre, PA 18711, Luzerne County	

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

___ The plan of merger shall be effective upon filing these Articles/~~Certificate~~ of Merger in the Department of State.

___ The plan of merger shall be effective on: _____ at _____.
Date Hour

5. The manner in which the plan of merger was adopted by each domestic corporation/~~limited partnership~~ is as follows:

Name	Manner of Adoption
Highmark Inc.	Adopted by the directors and members pursuant to 15 Pa.C.S. §5924(a)
Hospital Service Association of Northeastern Pennsylvania	Adopted by the directors and members pursuant to 15 Pa.C.S. §5924(a)

6. *Strike out this paragraph if no foreign corporation/limited partnership is a party to the merger.*
~~The plan was authorized, adopted or approved, as the case may be, by the foreign business/nonprofit corporation/limited partnership (or each of the foreign business/nonprofit corporations/limited partnerships) party to the plan in accordance with the laws of the jurisdiction in which it is incorporated/organized.~~

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

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

___ Pursuant to 15 Pa.C.S. § 1901/§ 8547(b) (relating to omission of certain provisions from filed plans) the provisions, if any, of the plan of merger that amend or constitute the operative provisions of the Articles of Incorporation/Certificate of Limited Partnership of the surviving corporation/limited partnership 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 merger is on file at the principal place of business of the surviving corporation/limited partnership, the address of which is.

Number and street	City	State	Zip	County

* Pursuant to Section 2.02 of the Plan of Merger, effectiveness to be determined by BCNEPA and Highmark and evidenced by the execution of these Articles of Merger. This footnote to be deleted in execution copy.

DSCB: 15-1926/5926/8547-3

IN TESTIMONY WHEREOF, the undersigned corporation/~~Limited partnership~~ has caused these Articles/~~Certificate~~ of Merger to be signed by a duly authorized officer thereof this

_____ day of _____,

201__ .

Highmark Inc.

Name of Corporation/~~Limited Partnership~~

By:

Signature

Title

Hospital Service Association of Northeastern Pennsylvania

Name of Corporation/~~Limited Partnership~~

By:

Signature

Title

Docketing Statement (Changes)
DSCB:15-134B

BUREAU USE ONLY:

☐ Revenue ☐ Labor & Industry

☐ Other _____

File Code_____ Filed Date _____

Part I. Complete for each filing:

Current name of entity or registrant *(survivor or new entity if merger or consolidation):*
Highmark Inc.

Entity number, if known: 2727253 Incorporation/qualification date in PA: 12/6/1996

State of Inc: PA Federal EIN: Specified effective date, if any:

Part II. Check proper box:

___ Amendment (complete Section A) _x_ Merger, Consolidation or Division (complete Section B,C or D)

____ Consolidation (complete Section C) ____ Division (complete Section D)

____ Conversion (complete Section A & E) ____ Correction (complete Section A)

____ Termination (complete Section H) ____ Revival (complete Section G)

____ Dissolution before Commencement of Business (complete Section F)

____ **Section A** – *Check box(es) which pertain to changes:*

___ Name:

___ Registered Office: Number & street/RD number & box number City State Zip County

___ Purpose:

___ Stock (aggregate number of share authorized):_____ ___ Effective date:_____.

___ Term of Existence:_____ ___ Other:_____.

_x_ **Section B – Merger** *Complete Section A if any changes to surviving entity:*

Merging Entities are: *(attach sheet for additional merging entities)*

Name: Entity #, if known:
Hospital Service Association of Northeastern Pennsylvania 165726

Effective date: Inc./qual. date in PA. State of Inc.
9/7/1938

Name: Entity #, if known:

Effective date: Inc./qual. date in PA. State of Inc.

____ **Section C - Consolidation**

Consolidating Entities are: *(attach sheet for additional consolidating entities)*
Name:

Entity #, if known: Inc./qual. date in PA. State of Inc.

Name:

Entity #, if known: Inc./qual. date in PA. State of Inc.

____ **Section D – Division**

Forming new entity(s) named below: (attached sheet for additional entities)

Name: Entity Number:

Name: Entity Number:

Check one: ____ Entity named in Part I survives. (any changes, complete Section A)

____ Entity named in Part I does not survive.

____ **Section E – Conversion** *(complete Section A)*

Check one: ____ Converted from nonprofit to profit ____ Converted from profit to nonprofit

____ **Section F – Dissolved by Shareholders or Incorporators Before Commencement of Business**

____ **Section G – Statement of Revival** *(complete Section A for any changes to revived entity)*

Entity named in Part I hereby revives its charter or articles which were forfeited by Proclamation or expired.

____ **Section H – Statement of Termination** *(attach sheet for additional entities involved)*

_____ filed in the Department of State on _____ is/are hereby terminated.
(type of filing made) month/date/year hour, if any

If merger, consolidation or division, list all entities involved, other than that listed in Part I:
Name: Entity number:

Name: Entity number:

EXHIBIT A-1

PLAN OF MERGER

OF HOSPITAL SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

WITH AND INTO

HIGHMARK INC.

ARTICLE I

GENERAL

1.01 Parties to the Merger. The parties to the merger are HOSPITAL SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA d/b/a/ Blue Cross of Northeastern Pennsylvania ("BCNEPA"), a Pennsylvania nonprofit corporation, and HIGHMARK INC. (f/k/a "Highmark Health Services") ("HIGHMARK"), a Pennsylvania nonprofit corporation.

1.02 Plan of Merger. BCNEPA shall be merged with and into HIGHMARK in accordance with the laws of the Commonwealth of Pennsylvania on the terms and conditions set forth in this Plan of Merger. BCNEPA and HIGHMARK are herein collectively referred to as the "Constituent Corporations."

ARTICLE II

THE MERGER

2.01 Merger. BCNEPA shall merge with and into HIGHMARK (the "Merger"). The corporate existence of HIGHMARK shall continue unaffected and unimpaired by the Merger and, as the surviving corporation in the Merger (the "Surviving Corporation"), HIGHMARK shall continue to be governed by the laws of the Commonwealth of Pennsylvania. The separate corporate existence of BCNEPA shall cease when the Merger becomes effective.

2.02 Effective Time. The Merger shall become effective (the "Effective Time") at such time as the Articles of Merger are duly filed with the Department of State of the Commonwealth of Pennsylvania, or at such subsequent time as BCNEPA and Highmark agree and as is specified in the Articles of Merger.

2.03 Articles of Incorporation. The Articles of Incorporation of HIGHMARK as in effect immediately prior to the Effective Time of the Merger shall be the Articles of Incorporation of the Surviving Corporation until thereafter changed or amended as provided in such Articles of Incorporation, in the Agreement of Merger (as defined below) or by applicable law. No changes in HIGHMARK's Articles of Incorporation shall be required on account of the Merger.

2.04 Bylaws. The Fourth Amended and Restated Bylaws of HIGHMARK in the form attached as Exhibit B to that certain Agreement of Merger among the Constituent Corporations and Highmark Health, a Pennsylvania nonprofit non-stock corporation and the parent corporation of HIGHMARK, dated as of February 18, 2014 (the "Agreement of Merger") shall, at the Effective Time of the Merger, become the amended and restated Bylaws of the Surviving Corporation until thereafter changed or amended as provided in such Bylaws or by applicable law.

2.05 Rights and Obligations. The Merger shall have the effect specified in Section 5929 of the Pennsylvania Nonprofit Corporation Law of 1988, Act of December 21, 1988, P.L. 1444, No. 177, § 103, 15 P.S. § 5929.

ARTICLE III

MEANS OF EFFECTING THE MERGER

3.01 Articles of Merger. The Merger shall be effected through the filing of Articles of Merger with the Department of State of the Commonwealth of Pennsylvania.

ARTICLE IV

ABANDONMENT OF THE MERGER

AMENDMENT OF THE PLAN OF MERGER

4.01 Abandonment of the Merger; Amendment of the Plan of Merger. Notwithstanding the approval of this Plan of Merger by the respective boards of directors and members of the Constituent Corporations, this Plan of Merger may be amended at any time prior to the Effective Time, subject to Section 5922 of the Pennsylvania Nonprofit Corporation Law of 1988, Act of December 21, 1988, P.L. 1444, No. 177, § 103, 15 P.S. § 5922.

WITNESS the due execution hereof on _____, 201__.

HOSPITAL SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

By: _____
Name:
Title:

HIGHMARK INC.

By: _____
Name:
Title:

EXHIBIT B

FOURTH AMENDED AND RESTATED BYLAWS OF HIGHMARK INC.

(Effective [_____ __, ___][1])

ARTICLE I

Name

1.1 Name. The name of the corporation is Highmark Inc. (the "Corporation"). The Corporation may do business under such other names as may be determined by the Board of Directors.

ARTICLE II

Offices

2.1 Registered Office. The registered office of the Corporation shall at all times be within the Commonwealth of Pennsylvania at such address as may be established by the Board of Directors.

2.2 Business Offices. The Corporation may have business offices at such places permitted by law as the business of the Corporation may require.

ARTICLE III

Members

3.1 Members. The members of the Corporation shall consist of two classes, namely (i) Highmark Health, a Pennsylvania nonprofit corporation (hereinafter, the "Corporate Member"); and (ii) the persons who from time to time constitute the Board of Directors (such persons in their capacity as members, the "Director Members"). The Corporate Member shall be the sole voting member of the Corporation on all matters other than matters which are the subject of Section 3.3.1. The Director Members shall be nonvoting members except with respect to the matters which are the subject of Section 3.3.1. In all other respects, the Corporate Member shall have all rights, powers and duties afforded it under these Bylaws and applicable law as a "member" as such term is used in Section 5103 of the Pennsylvania Nonprofit Corporation Law of 1988 (15 Pa.C.S.A. § 5101 et seq.), as amended (the "Nonprofit Corporation Law"). A person who ceases to be a director automatically shall cease to be a Director Member.

[1] Insert date of Effective Time

3.2 Meetings and Actions.

3.2.1 To the extent that, as set forth in these Bylaws, any actions may or are required to be taken by Director Members, Board of Director meetings or actions taken in writing in lieu of such meetings, as the case may be, shall be deemed to be meetings or actions of the Director Members.

3.2.2 The Chief Executive Officer of the Corporate Member shall be entitled to vote on behalf of the Corporate Member in accordance with the authority granted to the Chief Executive Officer of the Corporate Member unless the Corporate Member notifies the Corporation in writing that another officer is authorized to vote on behalf of the Corporate Member.

3.3 Powers.

3.3.1 Powers of Director Members. The sole power and authority of the Director Members, when acting in their capacity as members, shall be to determine the requisites for persons of low income eligible for benefits under the Corporation's health care plans, subject to approval by the Insurance Commissioner of the Commonwealth of Pennsylvania.

3.3.2 Reserved Powers of the Corporate Member. The following rights and powers shall be reserved to the Corporate Member and be exercised in accordance with these Bylaws:

(a) Subject to Section 4.2.1, to determine the number of directors that will comprise the Board of Directors;

(b) Subject to Sections 4.3.1 and 4.4, to elect the directors of the Corporation in accordance with applicable law;

(c) Subject to Section 4.6.2, to remove any of the directors of the Corporation and to replace any such director for the unexpired portion of his or her term in accordance with applicable law;

(d) To approve the election, re-election and removal of the Chief Executive Officer;

(e) To amend, repeal, revise or restate the Corporation’s Articles of Incorporation and Bylaws or to approve any such amendment, repeal, revision or restatement which may be proposed by the Board of Directors; provided, however, that the Corporate Member shall have no power to amend, repeal, revise or restate this Section 3.3.2 (or any provision of the Corporation’s Articles of Incorporation to the same effect), and such Section (or corresponding provision of the Articles of Incorporation) may be amended, repealed, revised or restated only by the Board of Directors as set forth in Section 13.1 of these Bylaws, subject to approval by the Corporate Member, and provided, further, that the Corporate Member shall have no power to amend, repeal, revise or restate Section 4.2, 4.3, 4.4, 4.6, 7.1, 7.6, 7.9.2(b), 13.1 or Article IX insofar as any such Section or Article relates to the rights or duties of the Class A Directors or the

NEPA Advisory Board, as applicable, or Section 5.6 at any time prior to [_____ __, _____][2] without the affirmative approval of a majority of the Class A Directors then in office.

(f) To (1) dissolve, divide, convert or liquidate the Corporation, (2) consolidate or merge the Corporation with or into another corporation or entity, (3) approve the Corporation's sale or other disposition of assets, or its acquisition of assets, in any case whether in a single transaction or series of transactions, where the aggregate consideration exceeds three percent (3%) of the Corporation's consolidated total assets;

(g) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(h) To approve the selection and appointment of auditors and the fiscal year of the Corporation and its subsidiaries; and

(i) To give such other approvals and take such other actions as are specifically reserved to members of Pennsylvania nonprofit corporations under the Nonprofit Corporation Law.

Except as otherwise may be required by the Nonprofit Corporation Law or provided in these Bylaws, the Corporate Member shall have the right both to initiate and to approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation on such matters. Subject to any provision of the Nonprofit Corporation Law or these Bylaws to the contrary, any action in this regard taken by the Corporate Member shall be sufficient to finally approve and adopt such actions, and no action of the Board of Directors or other governing body or officer with respect to such action shall be necessary with respect thereto.

ARTICLE IV

Board of Directors

4.1 Powers and Duties. Subject to Section 3.3 of these Bylaws, all powers of the Corporation shall be vested in the Board of Directors, which shall have charge, control and management of the property, business, affairs and funds of the Corporation and shall have the power and authority to perform all necessary and appropriate functions not otherwise inconsistent with these Bylaws, the Articles of Incorporation or applicable law. Subject to Section 3.3 of these Bylaws, and without limiting the generality of the foregoing and except as otherwise may be provided in these Bylaws, the Board of Directors shall have full power and the duty:

4.1.1 To set policies and provide for carrying out the purposes of the Corporation;

[2] Insert fourth anniversary of date of Effective Time

4.1.2 To make rules and regulations for its own governance and for the governance of the committees appointed by the Board of Directors as provided in these Bylaws; and

4.1.3 To adopt and amend from time to time such rules and regulations for the conduct of the business of the Corporation as may be appropriate or desirable.

4.2 Number/Qualifications.

4.2.1 The Board of Directors shall consist of such number of persons as the Corporate Member may determine, but in no case less than twenty-one (21) or more than thirty-six (36) in the aggregate, including the individual then serving as the Chief Executive Officer of the Corporate Member, who shall be a director during his or her term of office (the "Ex-Officio Director"). Until [_____][3], the Board of Directors shall be divided into two (2) classes consisting of (a) four (4) Class A Directors elected pursuant to Section 4.3 (the "Class A Directors") and (b) all other persons who are members of the Board of Directors (the "Class B Directors") (and references in these Bylaws to the "directors" or the "Board of Directors" without reference to Class A Directors or Class B Directors shall refer to the entire Board of Directors). From and after [_____][4], the Board of Directors shall no longer be divided into classes, and all references in these Bylaws to Class A Directors and Class B Directors shall be deemed to be deleted.

4.2.2 No individual may be elected to the Board of Directors unless the individual is eligible to serve on the Board of Directors pursuant to applicable law, the Articles of Incorporation and these Bylaws. Each director shall be a natural person of at least 18 years of age and a resident of the Commonwealth of Pennsylvania.

4.2.3 At no time shall the Board of Directors be less than 50% subscribers who have coverage under contracts issued by the Corporation and who are generally representative of broad segments of subscribers covered under contracts issued by the Corporation, whose background and experience indicate that they are qualified to act in the interests of such subscribers and who (or whose spouse) does not derive substantial income from the delivery or administration of health care ("Statutory Eligibility Requirements"). If at any time the Board of Directors shall fail to meet the requirements set forth in the preceding sentence, one or more directors who are causing the Board of Directors not to meet such requirements shall cease to qualify to serve as directors in accordance with the following two sentences. The initial director who shall cease to qualify to serve shall be either a Class A Director or a Class B Director (whichever class includes the higher percentage of directors who do not meet the Statutory Eligibility Requirements) selected by the directors of such class, and such director's office shall be deemed to be vacant and shall be filled in accordance with Section 4.4. If, following the application of the process set forth in the preceding sentence, the Board of Directors still shall fail

[3] Insert fourth anniversary of date of Effective Time

[4] Insert fourth anniversary of date of Effective Time

to meet the requirements set forth in the first sentence of this Section 4.2.3, the same process shall be repeated until the Board of Directors shall meet such requirements.

4.2.4 The Class B Directors shall be divided equally into three (3) classes so that one-third (1/3) of the aggregate number of Class B Directors (or as close as practicable to one-third depending on the aggregate number of Class B Directors) may be chosen each year.

4.2.5 The Board of Directors shall be divided between the number of directors who are Lay Directors (as hereafter provided) and the number of directors who are Professional Directors (as hereafter provided) so as to assure as closely as is practicable that seventy-five percent (75%) of the total number of directors are Lay Directors and twenty-five percent (25%) of the total number of directors are Professional Directors; provided that there shall be no requirement that any Class A Director be a Professional Director. The Ex-Officio Director shall be counted in arriving at the number of directors who are Lay Directors or the number of directors who are Professional Directors, as the case may be.

4.2.6 To be eligible to serve as a Professional Director, an individual must be a health service doctor (as defined in 40 Pa.C.S.A. § 6302(a)) (each such person, a "Health Service Doctor") and a party to one or more professional provider contracts with the Corporation.

4.2.7 At least a majority of the directors shall be persons whom the Board of Directors has determined are "independent directors" within the meaning of such term as defined in the listing requirements of the New York Stock Exchange or such other requirements as the Board of Directors may approve ("Independence Requirements"). If at any time the Board of Directors shall fail to meet the requirements set forth in the preceding sentence, one or more directors who are causing the Board of Directors not to meet such requirements shall cease to qualify to serve as directors in accordance with the following two sentences. The initial director who shall cease to qualify to serve shall be either a Class A Director or a Class B Director (whichever class includes the higher percentage of directors who do not meet the Independence Requirements) selected by the directors of such class, and such director's office shall be deemed to be vacant and shall be filled in accordance with Section 4.4. If, following the application of the process set forth in the preceding sentence, the Board of Directors still shall fail to meet the requirements set forth in the first sentence of this Section 4.2.7, the same process shall be repeated until the Board of Directors shall meet such requirements. Notwithstanding anything to the contrary set forth in this Section 4.2.7, considering the unique relationship of the Corporation with providers of health care, a person's status as a Health Service Doctor in and of itself shall not cause such person to be considered to be lacking independence. No director shall be an officer or employee of the Corporation or any entity controlled by the Corporation.

4.2.8 Any person who is, or ever has 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.

4.2.9 No person who is seventy-five (75) years of age or older may be nominated or re-nominated for election or re-election as a Class B Director. Any Class B Director who reaches the age of seventy-five (75) shall no longer be qualified to serve as a Class B Director after

the next annual meeting of the Corporate Member. There shall be no maximum age restriction with respect to the Class A Directors.

4.2.10 Not less than one-third ($1/3^{rd}$) of the directors of the Corporation shall be persons who are not officers or employees of the Corporation or of any entity controlling, controlled by or under common control with the Corporation and who are not beneficial owners of a controlling interest in the voting stock of any such entity.

4.3 Election and Term.

4.3.1 The initial four (4) Class A Directors shall consist of persons who are members of the board of directors of Hospital Service Association of Northeastern Pennsylvania d/b/a Blue Cross of Northeastern Pennsylvania ("BCNEPA") immediately prior to the Effective Time (the "Effective Time") of the Merger (the "Merger") contemplated by and defined in that certain Agreement of Merger, dated as of February 18, 2014, among BCNEPA, the Corporate Member and the Corporation (the "BCNEPA Merger Agreement") who have been designated by the BCNEPA board of directors and approved by the Corporate Member in accordance with the terms of the BCNEPA Merger Agreement (and whose election by the Corporate Member as Class A Directors shall be effective as of the Effective Time) (together with their successors in office, the "Class A Directors"). The Ex-Officio Director shall serve as a Class B Director by virtue of the office held. Except as provided in Section 4.4, the remaining directors shall be elected by the Corporate Member.

4.3.2 The initial Class A Directors shall serve for a term of four (4) years or until their successors are elected and have qualified. All Class B Directors, except the Ex-Officio Director, shall serve for terms of three (3) years or until their successors are elected and have qualified. The Ex-Officio Director shall serve as a director for so long as such person serves as the Chief Executive Officer of the Corporation.

4.3.3 The Board of Directors shall elect from among the directors an individual to serve as Chairperson of the Board. The Chairperson shall not be an officer or employee of the Corporation. The Chairperson shall preside at all meetings of the Board of Directors and of the Executive Committee and shall perform all duties incident to the office of Chairperson of the Board and such other duties as may be prescribed by the Board of Directors.

4.3.4 The Board of Directors may elect from among the directors a Vice Chairperson of the Board. The Vice Chairperson shall not be an officer or employee of the Corporation. The Vice Chairperson shall perform the duties of the office of Chairperson of the Board in the absence of the Chairperson of the Board and such other duties as may be prescribed by the Board of Directors.

4.4 Vacancies. Any vacancy in the Class A Directors caused by the death, resignation or removal of a Class A Director pursuant to Section 4.6.2 or a Class A Director ceasing to qualify to serve as a Class A Director in accordance with the provisions of these Bylaws prior to the expiration of that Class A Director's term shall be filled by an individual designated by the NEPA Advisory Board Representatives (as defined in Section 5.6) and who, subject to the approval of

the Corporate Member, is promptly thereafter elected by the Corporate Member. Any vacancy in the Class B Directors caused by the death, resignation or removal of a Class B Director pursuant to Section 4.6.2 or a Class B Director ceasing to qualify to serve as a Class B Director in accordance with the provisions of these Bylaws prior to the expiration of that Class B Director's term and occurring in the interim between annual meetings of the Corporate Member may be filled by an individual elected by the Board of Directors, subject to the approval of the Corporate Member, or by the Corporate Member. Without limitation of the powers of the Corporate Governance and Nominating Committee as set forth in Section 7.9.2, in the event that any Class B Director from the thirteen county northeastern Pennsylvania service area in which the Acquired Business (as defined in the BCNEPA Merger Agreement) is conducted (the "NEPA Service Area") shall cease to serve as a Class B Director for any reason, the NEPA Advisory Board Representatives may make recommendations as to the successors to such Class B Directors, provided that the selection of the successor to each such Class B Director shall be in the discretion of the Corporate Member. The director so elected shall serve the remaining unexpired term of the director so replaced or until his or her earlier death, resignation or removal or ceasing to qualify to serve as a director.

4.5 Meetings.

4.5.1 Annual Meetings. The annual organizational meeting of the Board of Directors for, among other purposes, the election of officers shall be held during the month of April or May of each year or such other date as the Board of Directors may determine, at such time and place as shall be determined by the Board of Directors, without further notice than the resolution setting such date, time and place.

4.5.2 Regular Meetings. Regular meetings of the Board of Directors shall be held not less than four (4) times a year, each at such date, time and place as shall be determined by the Board of Directors, without further notice than the resolution setting such date, time and place.

4.5.3 Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairperson of the Board, the Chief Executive Officer, one-third (1/3rd) of the members of the Board of Directors, or the Chief Executive Officer of the Corporate Member, the date, time and place of each such meeting to be designated in the notice calling the meeting. Notice of any special meeting of the Board of Directors shall be given at least forty-eight (48) hours prior thereto and shall state the general nature of the business to be transacted.

4.5.4 Adjournment. When a meeting of the Board of Directors is adjourned, it shall not be necessary to give any notice of the adjourned meeting or the business to be transacted at the adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

4.5.5 Quorum and Voting. Directors constituting a majority of the directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that at least one (1) such director shall be a person who is not an officer or employee of the Corporation or of any entity, controlling, controlled by or under common control with the Corporation and who is not a beneficial owner of a controlling interest in the voting stock of any such entity. Each director shall be entitled to one vote on any matter submitted to a vote of

the Board of Directors, and action by the Board of Directors on any matter shall require the affirmative vote of a majority of the directors in office unless a greater proportion of affirmative votes is required by applicable law, the Articles of Incorporation or these Bylaws.

4.5.6 Use of Conference Telephone. Except as the Board of Directors otherwise may determine, one or more persons may participate in a meeting of the Board of Directors or of any committee thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and be heard by each other. Participation in a meeting in such manner shall constitute presence in person at the meeting.

4.5.7 Action by Unanimous Written Consent. Any action which may be taken at a meeting of the Board of Directors 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.

4.6 Resignation/Removal.

4.6.1 Resignation. Any director may resign his or her office at any time, such resignation to be made in writing and to take effect immediately or at such subsequent time stated in such writing. Any director who ceases to meet the eligibility requirements contained in applicable law or in these Bylaws to serve as a director forthwith shall resign his or her office, such resignation to be made in writing and to take effect immediately.

4.6.2 Removal. Any Class A Director may be removed only for cause by action of the Corporate Member. Any Class B Director may be removed, with or without cause, by action of the Corporate Member.

4.6.3 Mandatory Offer of Resignation for Retirement or Change in Employment Circumstances. Any Class B Director who retires from active employment or whose employment circumstances change materially from those in effect at the time of his or her election or re-election as a director shall submit promptly to the chairperson of the Corporate Governance and Nominating Committee an offer of resignation from the Board of Directors. Such resignation shall not be effective unless and until accepted by the Board of Directors. The chairperson of the Corporate Governance and Nominating Committee shall cause such offer of resignation to be considered by the Corporate Governance and Nominating Committee and a recommendation to be made to the Board of Directors as soon as practicable concerning the advisability of accepting such resignation.

4.6.4 Effect of Repeated Absences from Meetings. If a director shall be absent from four consecutive meetings of the Board of Directors, including regular meetings and special meetings duly called, the Board of Directors may, in its discretion, declare the office of such director vacated, and a successor shall be elected as provided in Section 4.4 of these Bylaws.

4.7 Conflict of Interest.

4.7.1 Related Party Transactions. No contract or transaction between the Corporation and one or more of its directors, officers or employees, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Corporation's directors, officers or employees are directors, officers or employees or have a financial interest, shall be void or voidable solely for such reason, or solely because such director, officer or employee is present at or participates in the meeting of the Board of Directors which authorizes such contract or transaction, or solely because any such person's vote is counted for such purpose, if the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board of Directors in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors even though the disinterested directors are less than a quorum.

4.7.2 Determination of Quorum. 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 Section 4.7.1.

4.7.3 No Improper Influence. In no event shall a director vote on or otherwise use his or her position as a director to influence any matter on which he or she has a conflict of interest, including, without limitation, on any matter involving payment made or to be made to him or her, directly or indirectly, for the provision of health care services; provided, however, that any director may vote on matters that affect providers of health care services in general.

4.8 Limitation of Liability. A director shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless (a) the director has breached or failed to perform the duties of the director's office as set forth in the Nonprofit Corporation Law; and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The preceding provisions of this Section 4.8 shall not apply to (x) the responsibility or liability of a director pursuant to any criminal statute; or (y) the liability of a director for the payment of taxes pursuant to federal, state or local law. The provisions of this Section 4.8 shall be deemed to be a contract with each director who serves as such at any time while this Section 4.8 is in effect, and each such director shall be deemed to be so serving in reliance on the provisions of this Section 4.8. Any repeal or modification of this Section 4.8 shall be prospective only and shall not affect, to the detriment of any director, any limitation on the personal liability of a director existing at the time of such repeal or modification.

4.9 Compensation. The Board of Directors may determine the compensation of directors for their services as directors, committees of the Board of Directors or otherwise, and also may determine the compensation of persons who are not directors who serve on any committees established by the Board of Directors, subject to Section 5.6.6.

ARTICLE V

Regional Advisory Boards; NEPA Advisory Board

5.1 Establishment. The Corporation shall have a Regional Advisory Board for each of the Corporation's primary service areas as determined by the Board of Directors. Each such Regional Advisory Board shall consist of not fewer than ten (10) or more than twenty (20) persons, who shall be appointed by the Board of Directors. In making appointments to the Regional Advisory Boards, the Board of Directors shall consider the interests of customers, health care professionals, suppliers, creditors and the communities served by the Corporation.

5.2 Purpose and Functions. The purpose and functions of the Regional Advisory Boards shall be determined by the Board of Directors. The Regional Advisory Boards initially shall have the following purposes and functions:

5.2.1 To advise the Corporation on regional advertising, marketing, product development and community initiatives;

5.2.2 To advise the Corporation on matters of public policy and, if requested by the Board of Directors, to advocate the Corporation's position in the community; and

5.2.3 To advise the Corporation on such other matters as may be requested by the Board of Directors.

5.3 Limitations on Authority. The Regional Advisory Boards shall have no authority to direct the activities of the Corporation or to bind the Corporation in any respect and shall at all times be subject to the powers and prerogatives of the Board of Directors. Nothing in these Bylaws is intended to create in any individual or group of individuals serving on a Regional Advisory Board any rights or duties of a member, director, member of an other body, officer or otherwise pursuant to the Nonprofit Corporation Law.

5.4 Meetings. Meetings of each Regional Advisory Board shall be held at such date, time and place as shall be determined by such Regional Advisory Board, and each Regional Advisory Board may adopt procedures with respect to the conduct of its meetings as such Regional Advisory Board deems to be appropriate and desirable, provided such procedures are not inconsistent with applicable law, the Articles of Incorporation or these Bylaws.

5.5 Compensation. Members of the Regional Advisory Boards shall be entitled to be reimbursed for their reasonable expenses incurred in connection with attendance at meetings of the Regional Advisory Boards and such other compensation for their services as may be determined by the Board of Directors.

5.6 NEPA Advisory Board. Until [_____, _____],[5] the Corporation shall have an advisory board with respect to the Acquired Business (as defined in the BCNEPA Merger Agreement) (the "NEPA Advisory Board") which shall consist of nineteen (19) persons, the initial members of which shall include the fifteen (15) members (excluding any ex officio member) of the board of directors of BCNEPA immediately prior to the Effective Time (such initial members, or their successors appointed in accordance with these Bylaws, the "NEPA Advisory Board Representatives"), three (3) persons appointed by the Board of Directors, and the person acting as the market president for the NEPA Service Area. In the event that a NEPA Advisory Board Representative shall cease to be a member of the NEPA Advisory Board for any reason, his or her successor shall be appointed by the remaining NEPA Advisory Board Representatives. There shall be no maximum age restriction with respect to members of the NEPA Advisory Board.

5.6.1 The purpose of the NEPA Advisory Board shall be to make recommendations to the Corporation with respect to the annual budget and strategic plan for the Acquired Business; corporate giving in the NEPA Service Area; selection and termination of the market president for the NEPA Service Area; and such other matters as may be requested by the Board of Directors or management of the Corporation. A formal vote of the NEPA Advisory Board, approved by a majority of the members thereof, shall be required to make any such recommendations.

5.6.2 The chairperson of the NEPA Advisory Board shall be selected from among the members of the NEPA Advisory Board, provided that such chairperson initially shall be the person serving as the chairperson of the BCNEPA board of directors immediately prior to the Effective Time. In the event that the person serving as the chairperson of the NEPA Advisory Board shall cease to serve in such capacity for any reason, his or her successor shall be selected by the NEPA Advisory Board Representatives then in office. The chairperson of the NEPA Advisory Board shall be provided with dedicated office space and administrative support at the offices of the Corporation in Wilkes-Barre, Pennsylvania.

5.6.3 The NEPA Advisory Board shall maintain the following committees: Regional Marketing; Health Policy and Government Relations; Charitable Giving; and Nominating. Such committees shall be comprised solely of members of the NEPA Advisory Board and shall have charters governing their powers and duties, which charters shall be approved by the Board of Directors.

5.6.4 The NEPA Advisory Board shall have no authority to direct the activities of the Corporation or to bind the Corporation in any respect and shall at all times be subject to the powers and prerogatives of the Board of Directors. Nothing in these Bylaws is intended to create in any individual or group of individuals serving on the NEPA Advisory Board any rights or duties of a member, director, member of an other body, officer or otherwise pursuant to the Nonprofit Corporation Law.

[5] Insert fourth anniversary of date of Effective Time

5.6.5 Meetings of the NEPA Advisory Board shall be held at such date, time and place as shall be determined by the NEPA Advisory Board, and the NEPA Advisory Board may adopt procedures with respect to the conduct of its meetings as it deems to be appropriate and desirable, provided such procedures are not inconsistent with applicable law, the Articles of Incorporation or these Bylaws.

5.6.6 Members of the NEPA Advisory Board shall be entitled to receive cash compensation and health insurance benefits and reimbursement for the reasonable cost of travel to and from meetings of the NEPA Advisory Board, education expenses and incidental expenses incurred in connection with their services as members of the NEPA Advisory Board and committees thereof, in accordance with the compensation practices, health insurance benefit practices and expense reimbursement policy historically applicable to the board of directors of BCNEPA as set forth in the BCNEPA Merger Agreement.

ARTICLE VI

Officers

6.1 Principal Officers; Election. The principal officers of the Corporation shall be a Chief Executive Officer, a Chief Financial Officer, a Treasurer and a Secretary, each of whom shall be elected by the Board of Directors, and such other officers as the Board of Directors may elect, which may include one or more Presidents, one or more Executive, Senior or Corporate Vice Presidents, and one or more Assistant Treasurers or Assistant Secretaries. Each such officer shall hold office for a term of one year (or such other term as the Board shall determine for any office from time to time) and until his or her successor has been selected and qualified or until his or her earlier death, resignation or removal. Any number of offices may be held by the same person.

6.1.1 Other Officers. The Chief Executive Officer may appoint President(s), Vice Presidents (including Executive, Senior and Corporate Vice Presidents), Assistant Treasurers or Assistant Secretaries who have not been elected by the Board of Directors and such other officers or agents of the Corporation as he or she determines to be appropriate, who shall hold their offices subject to the discretion of the Chief Executive Officer.

6.1.2 Chief Executive Officer. The Chief Executive Officer shall be responsible for the general and active management of the business and affairs of the Corporation and shall exercise general supervision and authority over all of its agents and employees and shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be assigned by the Board of Directors. The Chief Executive Officer shall supervise the implementation of all policies, orders and resolutions of the Board of Directors and shall execute all contracts and agreements authorized by the Board of Directors, except that he or she may delegate to other officers of the Corporation the power to execute contracts in the ordinary course of business or as otherwise may be authorized by the Board of Directors.

6.1.3 President(s). The President(s) shall be responsible for the direct administration, supervision and control of such activities in the management of the Corporation as may be assigned by the Chief Executive Officer or the Board of Directors.

6.1.4 Chief Financial Officer. The Chief Financial Officer shall be responsible for financial accounting and reporting for the Corporation and such other duties as may be assigned by the Chief Executive Officer or the Board of Directors.

6.1.5 Vice Presidents. Each Vice President shall perform such duties as may be assigned by the Chief Executive Officer or the Board of Directors.

6.1.6 Treasurer. The Treasurer shall, in accordance with the policies of the Board of Directors and under the direction of the Chief Executive Officer or the Chief Financial Officer, have general charge and custody of and be responsible for all funds and securities of the Corporation, and shall make such reports in such form and manner as the Chief Executive Officer, the Chief Financial Officer or the Board of Directors may direct. The Treasurer shall receive and give receipts for monies due and payable to the Corporation and deposit such monies in the name of the Corporation in such banks, trust companies or other depositories as may be selected in accordance with the provisions of these Bylaws. The Treasurer shall keep account of such receipts and deposits and approve expenditures of the Corporation and shall perform all duties incident to the office of Treasurer and such other duties as may be assigned by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors.

6.1.7 Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors and its committees in one or more books provided for that purpose, shall notify members of the Board of Directors of their election, shall see that all notices are duly given in accordance with the provisions of these Bylaws, shall be custodian of the corporate records and of the seal of the Corporation, and shall see that the seal of the Corporation is affixed, when necessary, to all instruments and documents the execution of which has been authorized by the Board of Directors or a committee thereof, shall keep a record of the address of each director, and shall perform all duties incident to the office of Secretary and such other duties as may be assigned by the Chief Executive Officer or the Board of Directors. In the absence of the Secretary or in the event of his or her inability to act, the Chairperson of the Board shall appoint an individual to discharge the duties of the Secretary.

6.1.8 Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers shall perform such duties as may be assigned by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer or the Chief Financial Officer, as appropriate, or the Board of Directors.

6.2 Removal of Officers. Any officer of the Corporation may be removed, with or without cause, by the Board of Directors. Any officer appointed by the Chief Executive Officer may be removed, with or without cause, by the Chief Executive Officer.

6.3. Bonds. The Board of Directors may require any officer to give bond and security in such sum and with such surety or sureties as the Board of Directors may determine.

ARTICLE VII

Committees

7.1 Standing Board Committees. The Board of Directors shall have an Executive Committee, a Corporate Governance and Nominating Committee, an Audit Committee, an Investment Committee, an Affirmative Action and Diversity Committee and a Personnel and Compensation 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. The Board of Directors shall appoint the members and a chairperson and a vice chairperson of each Standing Board Committee in accordance with applicable law. Not less than one-third (1/3rd) of the members of each Standing Board Committee shall be persons who are not officers or employees of the Corporation or of any entity controlling, controlled by or under common control with the Corporation. Commencing [_____][6], each Class A Director shall serve on two (2) Standing Board Committees. The Board of Directors shall appoint at least one Class A Director to each Standing Board Committee not later than [_____][7].

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

7.3 Special Committees and Program Committees. The Board of Directors may establish one or more special committees of directors ("Special Committees") to advise the Board of Directors and to perform such other functions as the Board of Directors determines. The Board of Directors may establish one or more committees, such as a Medical Affairs Committee and a Quality and Safety Committee, which may include directors and persons who are not directors, to assist it with program aspects of the Corporation's operations ("Program Committees"). Subject to the provisions of these Bylaws, the Board of Directors may delegate such authority to a Special Committee or a Program Committee as it deems to be appropriate and desirable and as is not prohibited by applicable law. The Board of Directors shall establish the manner of selecting members, chairpersons and vice chairpersons, if any, and the terms of office of the members of each Special Committee and Program Committee. Not less than one-third (1/3rd) of the members of each Special Committee and Program Committee shall be persons who are not officers or employees of the Corporation or of any entity, controlling, controlled by or under common control with the Corporation.

7.4 Quorum. Except as otherwise provided in these Bylaws or the charter of a committee approved by the Board of Directors, one-third (1/3rd) of the members comprising any

[6] Insert three (3) month anniversary of the date of the Effective Time

[7] Insert three (3) month anniversary of the date of the Effective Time

committee appointed by the Board of Directors pursuant to these Bylaws shall constitute a quorum for the transaction of business. For such a quorum to exist, at least one (1) such committee member shall be a person who is not an officer or employee of the Corporation or of any entity controlling, controlled by or under common control with the Corporation. 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.

7.5 Action by Unanimous Written Consent. Except as otherwise provided in these Bylaws or a charter of a committee approved by the Board of Directors, any action which may be taken at a meeting of any committee appointed by the Board of Directors pursuant to these Bylaws 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 and filed with the Secretary.

7.6 Removal. Any member of a Standing Board Committee, Special Committee or Program Committee may be removed at any time, with or without cause, by the Board of Directors at any regular or special meeting, but without modifying the obligations set forth in the last sentence of Section 7.1.

7.7 Vacancies. Any vacancy in any Standing Board Committee or Special Committee caused by the death, resignation or removal of a director prior to the expiration of that director's term shall be filled by another director appointed by the Board of Directors. The director so appointed shall serve the remaining unexpired term of the director so replaced.

7.8 Executive Committee.

7.8.1 The Executive Committee shall consist of at least seven (7) but not more than twelve (12) directors as the Board of Directors shall determine. The Chairperson of the Board, the Vice Chairperson of the Board and the Chief Executive Officer shall be members of the Executive Committee, and the Chairperson of the Board shall serve as the chairperson of the Executive Committee. In the absence of the Chairperson of the Board, the Vice Chairperson of the Board, if any, shall serve as the chairperson of the Executive Committee and, in the absence of the Vice Chairperson, the Chief Executive Officer shall act as such chairperson.

7.8.2 The Executive Committee shall have and may exercise the power and authority of the Board of Directors when the Board of Directors is not in session, except such power and authority as by law, the Articles of Incorporation or these Bylaws may be required to be exercised by the Board of Directors or the Corporate Member, or as the Board of Directors or the Corporate Member may expressly reserve for itself or delegate to another committee.

7.8.3 Regular meetings of the Executive Committee may be held at such date, time and place as determined by the Board of Directors or the Executive Committee, without further notice than the resolution setting such date, time and place. Special meetings of the Executive Committee may be called at any time by the Chairperson of the Board, the Chief Executive Officer or any two members of the Executive Committee, the date, time and place of such meeting to be designated in the notice calling the meeting. Notice of any special meeting of

the Executive Committee shall be given at least forty-eight (48) hours prior thereto and shall state the general nature of the business to be transacted.

7.8.4 A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business, and the acts of a majority of the members of the Executive Committee shall be the acts of the Executive Committee.

7.8.5 The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors at its next regular meeting or when otherwise required.

7.9 Corporate Governance and Nominating Committee.

7.9.1 The Corporate Governance and Nominating Committee shall consist of at least eight (8) directors, comprised as closely as is practicable of seventy-five percent (75%) Lay Directors and twenty-five percent (25%) Professional Directors. None of the members of the Corporate Governance and Nominating Committee shall be officers or employees of the Corporation or of any entity controlling, controlled by or under common control with the Corporation.

7.9.2 In addition to any responsibilities delegated to it by the Board of Directors, the Corporate Governance and Nominating Committee shall be responsible for:

(a) Recommending the candidates to be nominated by the Board of Directors for election as directors at each annual meeting of the Corporate Member;

(b) Subject to Section 4.4, recommending the candidates to be nominated for election as directors to fill any vacancies occurring on the Board of Directors; and

(c) Recommending the candidates for election or reelection as Chairperson of the Board and Vice Chairperson of the Board.

7.9.3 At least fifteen (15) days before each annual, regular or special meeting of the Board of Directors, the Corporate Governance and Nominating Committee shall recommend the requisite number of individuals who satisfy the qualifications established in these Bylaws for election as Class B Directors of the Corporation.

7.10 Audit Committee.

7.10.1 The Audit Committee shall consist of at least five (5) directors. None of the members of the Audit Committee shall be officers or employees of the Corporation or of any entity controlling, controlled by or under common control with the Corporation and none of such members of the Audit Committee shall be beneficial owners of a controlling interest in the voting stock of any such entity.

7.10.2 In addition to any responsibilities delegated to it by the Board of Directors, the Audit Committee shall be responsible for:

(a) Recommending to the Board of Directors the selection of independent certified public accountants for the Corporation, subject to approval by the Corporate Member; and

(b) Reviewing the Corporation's financial condition and the scope and results of the independent audit and any internal audit of the Corporation.

7.11 Personnel and Compensation Committee.

7.11.1 The Personnel and Compensation Committee shall consist of at least five (5) directors. None of the members of the Personnel and Compensation Committee shall be officers or employees of the Corporation or of any entity controlling, controlled by or under common control with the Corporation.

7.11.2 In addition to any responsibilities delegated to it by the Board of Directors, the Personnel and Compensation Committee shall be responsible for:

(a) Evaluating the performance of the principal officers of the Corporation; and

(b) Recommending to the Board of Directors the selection and compensation of the principal officers of the Corporation.

7.12 Controlled Entities. The Board of Directors may designate the Corporate Governance and Nominating Committee, the Personnel and Compensation Committee and/or the Audit Committee to serve as such committee(s) for one or more insurers or other entities controlled by the Corporation.

ARTICLE VIII

Medical Review Committee

8.1 General.

8.1.1 All matters, disputes or controversies relating to the professional health services (as defined in 40 Pa.C.S.A. § 6302(a)) rendered by Health Service Doctors to subscribers who have coverage under contracts issued by the Corporation, and any questions involving the professional ethics of such persons, shall be considered and determined exclusively by the committee established pursuant to this Article VIII in accordance with the requirements of 40 Pa.C.S.A. § 6324(c) (the "Medical Review Committee") to provide a fair and impartial forum for resolution of all matters, disputes and controversies relating to professional health services and all questions involving professional ethics.

8.1.2 The Medical Review Committee also shall provide a fair and impartial forum to consider and determine any other matters, disputes or controversies which may be submitted to it as set forth in these Bylaws or as may be provided in any written agreement

between the Corporation or any one or more entities controlled by the Corporation and any Health Service Doctor or other provider of health care services (all such persons collectively, "**Providers**").

8.1.3 The Medical Review Committee shall operate independently of the Corporation, and the Board of Directors shall have no authority over the decisions of the Medical Review Committee. Except as otherwise provided in Section 8.7 or in any agreement with a Provider, all decisions of the Medical Review Committee shall be final and binding upon all parties to any matter, dispute or controversy submitted to it.

8.1.4 The Corporation shall, at its expense, provide reasonable resources to the Medical Review Committee to discharge its duties under these Bylaws.

8.2 Medical Review Committee Selection Committee.

8.2.1 The members of the Medical Review Committee, who must satisfy the requirements set forth in Section 8.3, shall be appointed and may be removed as provided in this Article VIII by the Medical Review Committee Selection Committee (the "Selection Committee").

8.2.2 The Selection Committee shall consist of at least five (5) persons, a majority of whom shall be Health Service Doctors, and the balance of whom shall be subscribers who are not Health Service Doctors and who have coverage under contracts issued by the Corporation or an entity controlled by the Corporation. All Health Service Doctors who are members of the Selection Committee shall be parties to one or more professional provider contracts with the Corporation.

8.2.3 No member of the Selection Committee may be a director, officer or employee of the Corporation or a member of a Regional Advisory Board or the NEPA Advisory Board, nor may any such person have served on the Medical Review Committee during any part of the two (2) year period immediately prior to his or her appointment to the Selection Committee.

8.2.4 The members of the Selection Committee shall be appointed by the Chairperson of the Board, and each shall hold office for a term of two (2) years.

8.3 Appointment of Medical Review Committee Members; Term; Removal. The Medical Review Committee shall consist of at least eight (8) persons who meet the criteria set forth in this Section. Any person may submit to the Selection Committee names of prospective Medical Review Committee members; provided, however, that the Selection Committee shall not be bound to appoint any person whose name is so submitted. The Selection Committee shall make appointments to the Medical Review Committee using the following criteria:

8.3.1 A majority of the members of the Medical Review Committee shall be Health Service Doctors, and the balance shall be subscribers who are not Health Service Doctors and who have coverage under contracts issued by the Corporation or an entity controlled by the Corporation. At least seventy-five percent (75%) of the Health Service Doctors who are members of the Medical Review Committee shall be medical doctors or doctors of osteopathy.

8.3.2 All Health Service Doctors who are members of the Medical Review Committee shall be parties to one or more professional provider contracts with the Corporation.

8.3.3 No member of the Medical Review Committee shall be a director, officer or employee of the Corporation or a member of a Regional Advisory Board or the NEPA Advisory Board.

8.3.4 At least two-thirds (2/3) of the members of the Medical Review Committee shall have no relationship with the Corporation or any entity controlled by the Corporation, other than as Health Service Doctors who submit claims in the ordinary course of business or as subscribers.

8.3.5 No member of the Medical Review Committee shall have any conflict of interest that would prevent him or her from rendering a fair and impartial decision in matters, disputes or controversies between the Corporation, or, if applicable, any entity controlled by the Corporation, and a Provider; provided, however, that a member may be recused from individual matters, disputes or controversies in the event of any specific conflict of interest with respect thereto.

8.3.6 No Health Service Doctor who is a member of the Medical Review Committee shall have any history of (a) material adverse utilization or claims coding determinations by the Medical Review Committee, or (b) material repayments to the Corporation or any entity controlled by the Corporation resulting from utilization or claims coding reviews.

8.3.7 The Health Service Doctors who are members of the Medical Review Committee shall be broadly representative of the various specialties whose professional health services generally are covered under contracts issued by the Corporation.

8.3.8 Members of the Medical Review Committee must be willing to commit to regular attendance at committee meetings and to devoting adequate time to committee business to permit them to fully understand the committee's work and to give full and fair consideration to all matters coming before the committee.

8.3.9 Each member of the Medical Review Committee shall be appointed for a term of two (2) years and may be removed during his or her term only for cause as determined by the Selection Committee, including, but not limited to, failure to regularly attend committee meetings or to devote adequate attention to committee work.

8.3.10 The Selection Committee shall consider the need for continuity and orderly rotation of members when making appointments or reappointments to the Medical Review Committee.

8.4 Officers of the Medical Review Committee. The Medical Review Committee shall have three officers: a chairperson, a vice chairperson and a secretary, selected as follows:

8.4.1 The Selection Committee shall appoint a chairperson of the Medical Review Committee. The chairperson shall be a member of the Medical Review Committee and shall preside at all meetings of the Medical Review Committee, but shall not vote in any matter being considered by the Medical Review Committee except when necessary to break a tie.

8.4.2 The Selection Committee shall appoint a vice chairperson of the Medical Review Committee. The vice chairperson shall be a member of the Medical Review Committee and preside at meetings of the Medical Review Committee in the chairperson's absence and, when serving in such capacity, shall vote only when necessary to break a tie. The vice chairperson shall also perform such other duties as the chairperson may assign.

8.4.3 The Corporation shall provide one of its employees to serve as secretary for the Medical Review Committee. The secretary's role shall be solely that of administrator, and not that of a member of the Medical Review Committee. The secretary shall keep the minutes of the Medical Review Committee meetings and perform the duties enumerated in Section 8.6 and such other duties as the committee may assign.

8.5 Submission of Matters to the Medical Review Committee. All matters, disputes or controversies relating to professional health services and questions involving professional ethics referred to in Section 8.1 or otherwise required to be considered and determined by the Medical Review Committee shall be submitted in writing to the secretary of the Medical Review Committee. Either the Corporation or a Provider may submit a matter, dispute or controversy relating to professional health services or a question involving professional ethics for consideration and determination.

8.6 Medical Review Committee Proceedings.

8.6.1 The Medical Review Committee shall maintain written procedural guidelines to assure that each Provider receives full, fair and impartial consideration of any matter, dispute, controversy or question presented to the Medical Review Committee.

8.6.2 Only the Health Service Doctors who are members of the Medical Review Committee may vote on any matter brought before the committee.

8.6.3 One-third ($1/3^{rd}$) of the voting members of the Medical Review Committee shall constitute a quorum for the transaction of business, and the acts of a majority of voting members of the committee present at a meeting at which a quorum is present shall constitute the acts of the committee.

8.6.4 In considering any matter, dispute or controversy relating to professional health services or any question involving professional ethics brought before it, the Medical Review Committee shall have authority to take any one or more of the following actions (subject to any binding contractual prohibitions or restrictions agreed to in writing by the Corporation or, if applicable, any entity controlled by the Corporation):

(a) Make a referral to any appropriate committee, board or division of any applicable state or local professional society;

(b) Make a referral to an appropriate law enforcement officer or agency of any applicable federal, state or local government if the Medical Review Committee has probable cause to believe that a Provider secured payment for services performed on the basis of material false information submitted with the intention of defrauding the recipient(s);

(c) Make a referral to the applicable state professional licensure board of a Provider;

(d) Render a determination that the Corporation or, if applicable, one or more entities controlled by the Corporation is or is not entitled, in whole or in part, to a refund of fees paid to a Provider;

(e) Render a determination that authorizes the Corporation or one or more entities controlled by the Corporation to collect any refund by withholding future payments due to a Provider; or

(f) Render any such other determination or take any such other action as may be necessary or appropriate.

8.6.5 If a particular matter, dispute or controversy relating to professional health services or a particular question involving professional ethics includes any actual or alleged action or failure to act which would justify denying a Health Service Doctor registration with the Corporation pursuant to 40 Pa.C.S.A. § 6324(a), or the suspension or termination of such registration, the Corporation may request that a hearing be held by the Medical Review Committee in accordance with Section 8.7 to consider such registration status. Such action or failure to act may include by way of example and not limitation:

(a) Violation of the Health Service Doctor's professional provider contract with the Corporation or any regulations of the Corporation for participating providers; or

(b) Violation of any statute with which the Corporation or the Provider is required to comply.

8.7 Proceedings Involving Status of Registered Health Service Doctor.

8.7.1 The procedures set forth in this Section 8.7 apply in all cases where the Corporation has requested pursuant to Section 8.6.5 that a hearing of the Medical Review Committee be held to determine the status of an individual as a registered Health Service Doctor. In any such case, the Corporation shall prepare an appropriate complaint setting forth the allegations against the individual.

8.7.2 The chairperson of the Medical Review Committee promptly shall fix a time, date and place for such hearing of the Medical Review Committee. The applicable Health Service Doctor shall be given at least thirty (30) days written notice by the secretary of the Medical Review Committee of the date, time and place of such hearing and shall be furnished with a copy of the complaint.

8.7.3 The Health Service Doctor shall be allowed to file a written answer to the complaint, provided such answer is filed with the secretary of the Medical Review Committee at least ten (10) days prior to the hearing. At the hearing, such witnesses may be heard and such evidence may be received as is deemed by the Medical Review Committee to be relevant and of reasonable probative value; provided, however, that formal rules of evidence or procedure need not be followed. The Health Service Doctor shall be afforded a reasonable opportunity to be heard before the Medical Review Committee, either in person or by counsel, and to produce evidence and witnesses at such hearing. All testimony shall be recorded and a complete record shall be kept of the hearing.

8.7.4 Promptly following the hearing, the Medical Review Committee shall take whatever action it deems appropriate, based on the evidence and testimony produced at the hearing. If such action involves either the denial of registration as a Health Service Doctor with the Corporation or the suspension or termination of such registration, the matter shall be referred promptly to the Secretary of the Commonwealth of Pennsylvania Department of Health for approval or for such other action as said Secretary of Health may deem appropriate.

8.8 Other Appeals.

8.8.1 The Medical Review Committee also shall serve as the final and binding appeal body for any Provider whose registration as a preferred or similar provider pursuant to any other professional provider contract of the Corporation or, if applicable, one or more entities controlled by the Corporation is rejected, suspended or terminated by the Corporation or such other entity.

8.8.2 Any such Provider may appeal such decision by a written submission to the secretary of the Medical Review Committee. The appealing Provider shall be entitled to appear before the Medical Review Committee and to present evidence or argument, but the hearing will not be recorded and the committee's decision will not be referred to the Secretary of the Commonwealth of Pennsylvania Department of Health for approval.

8.8.3 In connection with any such appeal, the Medical Review Committee may consider any:

(a) Violation of the Provider's agreement(s) with the Corporation or any entity controlled by the Corporation to render health care services or supplies to subscribers;

(b) Violation of any statute with which the Corporation or the Provider is required to comply;

(c) Violation of any of the regulations or requirements referenced in the Provider's agreement(s) with the Corporation or any entity controlled by the Corporation with which the Provider is required to comply; or

(d) Refusal to adhere to the billing, payment or service benefit provisions of any contract issued by the Corporation or any entity controlled by the

Corporation which utilizes the applicable professional provider network in which the Provider has agreed to participate.

8.9 Compensation. Members of the Medical Review Committee and the Selection Committee shall be entitled to be reimbursed for their reasonable expenses incurred in connection with attendance at meetings of the Medical Review Committee or the Selection Committee, as the case may be, and such other compensation for their services as may be determined by the Board of Directors.

ARTICLE IX

Indemnification of Directors, Officers and Others

9.1 Right to Indemnification – General. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether brought by or in the name of the Corporation or otherwise), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by applicable law in connection with such action, suit or proceeding) arising out of such person's service to the Corporation or to such other corporation, partnership, joint venture, trust or other enterprise at the Corporation's request. The term "representative**,**" as used in this Article IX, shall mean any director, officer or employee, including any employee who is a medical doctor, lawyer or other licensed professional, any member of a Regional Advisory Board or the NEPA Advisory Board, or any committee created by or pursuant to these Bylaws, and any other person who may be determined by the Board of Directors to be a representative entitled to the benefits of this Article IX.

9.2 Right to Indemnification - Third Party Actions. Without limiting the generality of Section 9.1, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or 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 person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

9.3 Right to Indemnification - Derivative Actions. Without limiting the generality of Section 9.1, any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation; except, however, that indemnification shall not be made under this Section 9.3 in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the Corporation unless and only to the extent that the Court of Common Pleas of the county in which the registered office of the Corporation is located or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper.

9.4 Advance of Expenses. Expenses (including attorneys' fees) incurred by any representative of the Corporation in defending any action, suit or proceeding referred to in this Article IX shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article IX or otherwise.

9.5 Procedure for Effecting Indemnification. Unless ordered by a court, any indemnification under Section 9.1, Section 9.2 or Section 9.3 shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made:

9.5.1 By the Board of Directors by a majority of a quorum consisting of directors who were not parties to such action, suit or proceeding; or

9.5.2 If such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

9.6 Indemnification not Exclusive. The indemnification and advancement of expenses provided by or granted pursuant to this Article IX shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any other provision of these Bylaws, agreement, vote of disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office shall continue as to a person who has ceased to be a representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

9.7 When Indemnification Not Made. Indemnification pursuant to this Article IX shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

9.8 Grounds for Indemnification. Indemnification pursuant to this Article IX, under any other provision of these Bylaws, agreement, vote of directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the Corporation would have the power to indemnify the person under any provision of law except as otherwise provided in this Article IX and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation. The provisions of this Article IX shall be applicable to all actions, suits or proceedings within the scope of Section 9.1, Section 9.2 or Section 9.3, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.

9.9 Power to Purchase Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a representative of the Corporation or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article IX.

9.10 Creation of a Fund to Secure or Insure Indemnification. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article IX or otherwise.

9.11 Status of Rights of Indemnitees. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article IX shall (i) be deemed to create contractual rights in favor of each person who serves as a representative of the Corporation at any time while such Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of such Article), and (ii) continue as to a person who has ceased to be a representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of that person.

9.12 Applicability to Predecessor Companies. For purposes of this Article IX, references to "the Corporation" include all constituent corporations absorbed in a consolidation, merger or division, as well as the surviving or new corporations surviving or resulting therefrom, so that any person who is or was a representative of the constituent, surviving or new corporation, or is or was serving at the request of the constituent, surviving or new corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article IX with respect to the surviving or new corporation as he or she would if he or she had served the surviving or new corporation in the same capacity. Without limitation of the foregoing, each member, director, officer and employee of each predecessor to the Corporation shall have the

same contract rights as are afforded to directors, officers and employees of the Corporation pursuant to Section 9.11.

ARTICLE X

Contracts, Loans, Checks and Deposits

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

10.2 Loans. The Board of Directors may authorize the borrowing by the Corporation of such sum or sums of money as the Board of Directors may deem to be 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.

10.3 Checks. All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness shall be issued in the name of the Corporation and shall be signed by such officer or officers or agent or agents of the Corporation and in such manner as from time to time shall be determined by the Board of Directors.

10.4 Deposits. All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may approve.

ARTICLE XI

Notice and Conduct of Meetings

11.1 Written Notice. Except as otherwise provided in these Bylaws, whenever written notice is required to be given by any person under the provisions of any statute or these Bylaws, it may be given by sending a copy thereof through the mail or overnight delivery or by hand delivery, in each case with charges prepaid, or by facsimile confirmed by one of the foregoing methods, to the individual's address appearing on the books of the Corporation or supplied by the individual to the Corporation for the purpose of notice.

11.2 Written Waiver of Notice. Whenever any written notice is required as set forth in these Bylaws, 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 to be equivalent to the giving of such notice.

11.3 Waiver of Notice by Attendance. Attendance of a person in person at any meeting shall constitute a waiver of notice of such meeting except when a person attends the meeting for

the express purpose of objecting to the transaction of any business because the meeting has not been lawfully called or convened.

11.4 Procedure. All meetings of the Board of Directors, the committees thereof, the Regional Advisory Boards and the NEPA Advisory Board shall be conducted in an orderly manner with a view to affording full and fair discussion of the matters properly before such meetings.

ARTICLE XII

Miscellaneous

12.1 No Contract Rights. Except as specifically set forth in Sections 4.8, 9.3 and 9.4, no provision of these Bylaws shall vest any property or contract right in any person.

12.2 Corporate Seal. The Board of Directors shall prescribe the form of a suitable corporate seal, which shall contain the full name of the Corporation and the year and state of incorporation.

12.3 Fiscal Year. The fiscal year of the Corporation shall end on such day as shall be fixed by the Board of Directors, subject to approval by the Corporate Member.

ARTICLE XIII

Amendments

13.1 Amendments. These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, by (a) proposal by the Board of Directors at any meeting of the Board of Directors, subject to approval by the Corporate Member, by the vote of not less than seventy-five percent (75%) of the directors present, but not less than a majority of the directors in office, at any such meeting, provided that notice of any proposed amendment or a summary thereof shall have been given to each director not less than ten (10) days prior to the date of the meeting, and provided, further, that no alteration, amendment, repeal or restatement of Section 3.3.2, 4.2, 4.3, 4.4, 4.6, 7.1, 7.6, 7.9.2(b), this Section 13.1 or Article IX insofar as any such Section or Article relates to the rights or duties of the Class A Directors or the NEPA Advisory Board, as applicable, or Section 5.6 may be made at any time prior to [_____ __, _____][8] without the affirmative approval of a majority of the Class A Directors then in office or (b) except as set forth in Section 3.3.2(e), by the Corporate Member.

[8] Insert fourth anniversary of date of Effective Time

EXHIBIT C

Exhibit C

Subsidiaries of BCNEPA*

1. First Priority Life Insurance Company, Inc. (Pennsylvania business corporation)

2. HMO of Northeastern Pennsylvania, Inc. (Pennsylvania nonprofit corporation)

3. AllOne Health Management Solutions, Inc. (Pennsylvania business corporation)

4. AllOne Health Services, Inc. (Pennsylvania business corporation)

*Note: Any and all references in the Merger Agreement (other than in Section 2.1(c)(i) and (ii) and Section 4.3 of the Merger Agreement) and the BCNEPA Disclosure Letter to Subsidiary or Subsidiaries of BCNEPA shall exclude AHG, HRC and the Foundation.