

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

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

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

By Highmark Inc.

**BCNEPA RESPONSE TO INFORMATION REQUEST 2.5.3.1 FROM THE
PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 2.5.3.1:

Describe the amount and source of funds for any funding, contributions, loans or advances currently anticipated to be made by Highmark, BCNEPA, any Highmark Affiliate or any BCNEPA Affiliate in connection with the Transaction to:

- (A) BCNEPA;**
- (B) any current or former BCNEPA Affiliate in existence within six (6) months prior to the Merger Agreement;**
- (C) Highmark; and/or**
- (D) any other Highmark Affiliate.**

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

In connection with the Transaction, and as described in the Merger Agreement, BCNEPA may make to one or more Charitable Organizations (as defined in the Merger Agreement), out of its surplus capital, a contribution of up to \$90M, subject to certain limitations. In addition, as described in the Merger Agreement, BCNEPA may 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, AllOne Health Group (AHG) and/or Health Resources Corporation (HRC) to any Charitable Organization at any time prior to the effective time of the Merger. For the reasons described in BCNEPA's confidential response to Request 2.6.7, AHG will distribute the shares of AllOne Health Management Solutions, Inc. (HMS) and AllOne Health Services, Inc. (AHS) to BCNEPA so that HMS and AHS are owned by BCNEPA on or prior to the consummation of the Merger.

Separate and apart from the Transaction, but as permitted by the Merger Agreement, BCNEPA has filed a Form D with the Department requesting the Department's approval of the \$20 million cash contribution to AHG referred to in Item 1, part B.2. of the Form A and §3.1(b)(vii) of the Merger Agreement as the Permitted Contributions.

BCNEPA is not aware of any funding, contributions, loans or advances currently anticipated to be made by Highmark or any Highmark Affiliate in connection with the Transaction to any of the entities described in this Request except the potential \$10 million contribution by Highmark to one or more charitable organizations following the closing of the Transaction as described in the Merger Agreement and Item 1.B.2.a. of the Form A. BCNEPA is not aware of what the source of funds would be for such contribution if it is required to be made.

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