

**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.

**HIGHMARK INC. (“Highmark”) RESPONSE TO INFORMATION
REQUEST 5.3.12 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.3.12:

Provide a full and complete copy of any materials submitted to credit rating agencies by any Highmark Entity or BCNEPA Entity related to the Transaction.

RESPONSE:

Highmark certifies to the best of its knowledge, information and belief that attached hereto is a full and complete copy of the only material submitted to credit rating agencies by the Highmark Entities related to the Transaction with the exception of the letter of intent and term sheet, dated November 8, 2013, which was previously submitted to the Department with Highmark’s confidential response to Request 2.4.4; the letter agreement, dated November 8, 2013, between BCNEPA and Highmark regarding the further extension of time period for BCNEPA to exercise the change of control option under the FPH and FPLIC Shareholders Agreements dated April 29, 2005, which was previously submitted to the Department with the Confidential Supplement to Form A, at Tab 8; and the Merger Agreement, which was previously submitted to the Department with the Form A, at Tab B.

Highmark will supplement this response if additional responsive materials become available.

**Highmark Inc.
Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222**

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BCNEPA Executive Summary

- In early November 2013, the Board approved and management executed a non-binding Letter of Intent and Term Sheet to merge the BCNEPA Plan with and into Highmark Inc.
- Highmark believes the proposed merger arrangement with BCNEPA will:
 - Best serve healthcare consumers in the 13-county Northeastern PA community and the contiguous regions served by Highmark today, and
 - Position both companies for long term success in the post-Reform market
- Highmark and BCNEPA began work performing appropriate due diligence in mid-November 2013, with the goal to substantially complete this work in late January 2014, and include
 - Independent recommendations to our respective Boards for consideration; and
 - If approved, the necessary legal documentation to seek regulatory review and approval
- Good progress has been made across each work-stream