

**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”) SUPPLEMENTAL RESPONSE TO
INFORMATION REQUEST 2.2.1 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 2.2.1:

Other than agreements previously filed with Department, the Highmark Entities or BCNEPA Entities are requested to identify any agreements between or among one or more of the Highmark Entities or BCNEPA Entities that: (i) are anticipated to be executed if the Transaction is approved; or (ii) were executed contemporaneously with or subsequent to the execution of the Merger Agreement. If any exist, please provide full and complete copies of all current draft or executed agreements.

RESPONSE:

Highmark hereby supplements its prior response to this Request as follows:

Highmark certifies to the best of its knowledge, information and belief attached hereto is an additional agreement responsive to this Request.

Highmark hereby further certifies to the best of its knowledge, information, and belief that, based on a good faith and diligent review of such information as is reasonably available to it, Highmark is not aware of any information that is reasonably responsive to this Request other than the information previously provided to the Department, as supplemented hereby.

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

Divider Page

May 26, 2015

Highmark Inc.
Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099
Attention: President

Highmark Health
Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099
Attention: Chief Executive Officer and
President

Re: Contribution of Appreciated Securities

Dear Sir/Madam:

Reference is hereby made to that certain Agreement of Merger (the "Merger Agreement") among Hospital Service Association of Northeastern Pennsylvania d/b/a Blue Cross of Northeastern Pennsylvania ("BCNEPA"), Highmark, Inc. ("Highmark") and Highmark Health ("Highmark Health" and together with Highmark, the "Highmark Entities"), dated as of February 18, 2014, as amended, pursuant to which BCNEPA will, at the closing thereof, be merged with and into Highmark, with Highmark being the surviving corporation (the "Merger"). Capitalized terms used but not otherwise defined in this letter agreement (the "Letter Agreement") shall have the meanings ascribed to such terms in the Merger Agreement.

Pursuant to Sections 3.1(c)(v) and 8.14(rr) of the Merger Agreement, BCNEPA has the right (and no consent of Highmark is needed), on the Closing Date, but prior to the Effective Time, to make to one or more Charitable Organizations, out of its surplus capital, a contribution up to the total amount of \$90,000,000, less any permitted cash contributions to AllOne Health Resources, Inc., the surviving entity of the merger of Health Resources Corporation with and into AllOne Health Group, Inc. ("AHR"), not to exceed an aggregate amount of \$20,000,000. Hospital Service Association of Northeastern Pennsylvania Foundation, which intends to change its name to "AllOne Foundation" immediately prior to the consummation of the Merger ("AllOne Foundation"), and AllOne Charities (collectively with AllOne Foundation, the "AllOne Entities" and each, an "AllOne Entity") are intended to qualify as Charitable Organizations pursuant to Sections 8.14(oo)(i) and (ii) of the Merger Agreement. BCNEPA has decided to contribute (a) \$20,000,000 to AHR, (b) \$10,000,000 to AllOne Charities (the "Charities Contribution"), and (c) \$60,000,000 to AllOne Foundation (the "Foundation Contribution"). The Highmark Entities have requested that BCNEPA contribute a portion of the Charities Contribution and the Foundation Contribution in securities ("Securities"). BCNEPA and the AllOne Entities are willing to accommodate such request, subject to the terms and conditions of this Letter Agreement.

BCNEPA will contribute (on the Closing Date, but prior to the Effective Time), out of its surplus capital, to the accounts designated in advance by AHR, AllOne Charities and AllOne Foundation, as applicable, (a) \$20,000,000 in cash to AHR, (b) a total of \$10,000,000, consisting of Securities with an aggregate market price equal to the aggregate market price of the Charities Securities (as defined below) set forth on the Identification Statement (as defined below) of not

less than \$7,500,000 and not more than \$9,500,000, and the balance in cash, to AllOne Charities (the “Charities Securities”), and (c) a total of \$60,000,000, consisting of Securities with an aggregate market price equal to the aggregate market price of the Foundation Securities (as defined below) set forth on the Identification Statement of not less than \$50,000,000 and not more than \$59,000,000, and the balance in cash, to AllOne Foundation (the “Foundation Securities” and together with the Charities Securities, the “Contributed Securities” and individually, a “Contributed Security”). The Contributed Securities shall consist of shares of exchange traded funds holding common stock for which market prices are readily available to the public.

On the morning of the Business Day immediately prior to the Closing Date, Bruce Sickel, Vice President and Assistant Treasurer of BCNEPA, or, if he is unavailable, another authorized representative of BCNEPA, will deliver to the AllOne Entities and the Highmark Entities a statement (the “Identification Statement”) which shall identify (including by ticker symbol) and list the number of shares of each Contributed Security, the AllOne Entity that will be the transferee of such Contributed Security, the market price of each such Contributed Security as reported by the applicable exchange on which such Contributed Security is traded on its publicly available website as of the close of business on the Business Day immediately prior to delivery of the Identification Statement, and the aggregate fair market value of all of the Charities Securities and of all of the Foundation Securities, in each case together with reasonably detailed supporting documentation for such market prices. BCNEPA will, pursuant to Section 3.1(c)(v) of the Merger Agreement, make the contributions of the Contributed Securities to the AllOne Entities (on the Closing Date, but prior to the Effective Time), out of its surplus capital, in accordance with the Identification Statement.

The AllOne Entities intend to sell all of the Contributed Securities as promptly as possible following the Effective Time. With respect to all sales of Contributed Securities occurring not later than the end of the second full Trading Day (as defined below) following such AllOne Entity’s receipt of custody of the applicable Contributed Security (the “Trading Window”) (collectively, the “Qualified Securities” and each a “Qualified Security”), the AllOne Entities will cause to be prepared and delivered (after the sale of all of the Qualified Securities and receipt of the proceeds therefrom) to Highmark, as successor to BCNEPA in the Merger, a statement (the “Sale Statement”) which shall (a) identify such Qualified Security (including by ticker symbol) and list the number of shares of such Qualified Security sold and the amount of proceeds from the sale thereof by or for the account of AllOne Charities, less any transaction costs and expenses incurred by AllOne Charities in connection with selling such Qualified Securities (such amount, the “Charities Net Proceeds”), and (b) identify such Qualified Security (including by ticker symbol) and list the number of shares of such Qualified Security sold and the amount of proceeds from the sale thereof by or for the account of the AllOne Foundation, less any transaction costs and expenses incurred by AllOne Foundation in connection with selling such Qualified Securities (such amount, the “Foundation Net Proceeds”), together with copies of brokerage account statements and, to the extent available from the brokerage firm, any other documents reasonably requested by Highmark to verify the occurrence of such sale(s) of Qualified Securities and the amount of the Charities Net Proceeds and Foundation Net Proceeds. Bruce Sickel, or, if he is unavailable, any other authorized representative of Highmark reasonably requested by the AllOne Entities, shall assist the AllOne Entities in preparing the Sale Statement. The Sale Statement shall, in the absence of manifest error, be conclusively deemed

correct and binding on the parties. The Highmark Entities shall not be permitted to challenge the sale price, the manner of sale, the costs and expenses of the sale, or any other aspect of the sale of the Qualified Securities and neither of the AllOne Entities shall have any obligation (fiduciary or otherwise) to act in any manner in an attempt to maximize the sale price of any Qualified Securities or minimize the transaction costs and expenses of selling the Qualified Securities. For purposes of this Letter Agreement, "Trading Day" shall mean any day on which the principal exchange on which such Qualified Security is traded is open for the entire day in accordance with the customary practices of such exchange and such Qualified Security is available to be traded for the entire day (and no trading suspensions have occurred).

To address the risk to the AllOne Entities of reduction in market value of the Qualified Securities during the Trading Window and reimburse the transaction costs and expenses incurred by the AllOne Entities in connection with selling such Qualified Securities, (x) if the Charities Net Proceeds as set forth in the Sale Statement are less than the aggregate market price of such Qualified Securities transferred to AllOne Charities, as set forth on the Identification Statement (if any, the "Charities Deficit") and/or (y) if the Foundation Net Proceeds as set forth in the Sale Statement are less than the aggregate market price of such Qualified Securities transferred to AllOne Foundation, as set forth on the Identification Statement (if any, the "Foundation Deficit") and together with the Charities Deficit, the "Deficit"), then, within two Business Days of the delivery of the Sale Statement to Highmark, Highmark shall cause to be contributed, by wire transfer, to AllOne Charities and AllOne Foundation, as applicable, an amount equal to such Charities Deficit or Foundation Deficit, as applicable, in cash, to the account(s) designated by the applicable AllOne Entity. If either the Charities Net Proceeds or Foundation Net Proceeds as set forth in the Sale Statement are equal to or greater than the aggregate market prices of such Qualified Securities set forth on the Identification Statement, neither AllOne Entity shall have any obligation to refund any excess. If Highmark does not contribute to the applicable AllOne Entity an amount equal to the Deficit (if any) within two Business Days of the delivery of the Sale Statement to Highmark or otherwise pay to the applicable AllOne Entity within two Business Days from the date that any demand is made on Highmark for payment of any amount payable by Highmark pursuant to this Letter Agreement, interest on the outstanding balance of such Deficit or such other amount payable by Highmark pursuant to this Letter Agreement shall accrue at a rate equal to 12% per annum, compounded annually, until paid in full to the applicable AllOne Entity, whether before or after any judgment or settlement. Highmark shall pay, on demand, all costs and expenses, including without limitation, all attorneys' fees, costs and expenses, which either or both of the AllOne Entities may incur in connection with attempting to collect or collecting any Deficit or other amount payable by Highmark pursuant to this Letter Agreement or settling any dispute in connection with this Letter Agreement.

This Letter Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Letter Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

This Letter Agreement may be executed in counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. This Letter Agreement may be executed and delivered by facsimile or pdf and,

upon such delivery, the facsimile or pdf will be deemed to have the same effect as if the original signature had been delivered to the other parties.

[SIGNATURE PAGE FOLLOWS]

Please indicate your agreement with, and your intention to be legally bound by, the foregoing by executing this Letter Agreement and delivering it to the undersigned, whereupon this Letter Agreement shall become a legally binding agreement.

Very truly yours,

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

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

HOSPITAL SERVICE ASSOCIATION OF
NORTHEASTERN PENNSYLVANIA
FOUNDATION

By: _____
Name: John P. Moses
Title: Chairman

ALLONE CHARITIES

By: _____
Name: John P. Moses
Title: Chairman

AGREED AND ACCEPTED:

HIGHMARK INC.

By: _____
Name: _____
Title: _____

HIGHMARK HEALTH

By: _____
Name: _____
Title: _____

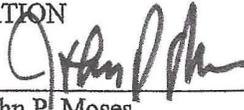
Please indicate your agreement with, and your intention to be legally bound by, the foregoing by executing this Letter Agreement and delivering it to the undersigned, whereupon this Letter Agreement shall become a legally binding agreement.

Very truly yours,

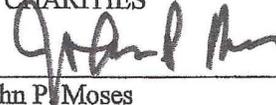
HOSPITAL SERVICE ASSOCIATION OF
NORTHEASTERN PENNSYLVANIA d/b/a
BLUE CROSS OF NORTHEASTERN
PENNSYLVANIA

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

HOSPITAL SERVICE ASSOCIATION OF
NORTHEASTERN PENNSYLVANIA
FOUNDATION

By:  _____
Name: John P. Moses
Title: Chairman

ALLONE CHARITIES

By:  _____
Name: John P. Moses
Title: Chairman

AGREED AND ACCEPTED:

HIGHMARK INC.

By: _____
Name: _____
Title: _____

HIGHMARK HEALTH

By: _____
Name: _____
Title: _____

Please indicate your agreement with, and your intention to be legally bound by, the foregoing by executing this Letter Agreement and delivering it to the undersigned, whereupon this Letter Agreement shall become a legally binding agreement.

Very truly yours,

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

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

HOSPITAL SERVICE ASSOCIATION OF
NORTHEASTERN PENNSYLVANIA
FOUNDATION

By: _____
Name: John P. Moses
Title: Chairman

ALLONE CHARITIES

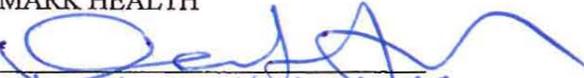
By: _____
Name: John P. Moses
Title: Chairman

AGREED AND ACCEPTED:

HIGHMARK INC.

By: 
Name: DEBRAH RICE-JOHNSON
Title: PRESIDENT, HIGHMARK, INC.

HIGHMARK HEALTH

By: 
Name: DAVID L. HOLMBERG
Title: PRESIDENT & CEO