

**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 SUPPLEMENTAL INFORMATION REQUEST
5.6.10 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

SUPPLEMENTAL REQUEST 5.6.10 (via letter from PID dated August 27, 2014)

Required Action:

- (1) Provide a full analysis of the risks of the Transaction and specific citations to the parts of the responses to Request 2.1 that are responsive to this Request. Alternatively, if BCNEPA believes that it has provided a full analysis of the risks of the Transaction, it should provide a specific citation to such risks and certify that no further risks of the Transaction exist.**
- (2) Provide an assessment of the likelihood of the impediments or risks relating to the Transaction.**
- (3) Describe and summarize to what extent the Location Commitment, the indemnification of Indemnified Parties under the Merger Agreement, and Employment Commitment imposes obligations on Highmark and the anticipated cost of such commitments.**
- (4) Describe to what extent the Location Commitment could restrict the ability of Highmark to conduct business in the Northeast region, including any ability to sell or otherwise change operations in that area.**
- (5) With regard to the BCNEPA Release, specifically identify any known obligations for which any Indemnified Parties are being released.**

RESPONSE:

BCNEPA hereby supplements its prior response to this Request.

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

(1) As stated in its response to Request 2.1.1, BCNEPA believes the primary risks associated with the Transaction are:

- Approval Risk - Approximately 18 months of “sitting still” from a strategic perspective.
- Medicaid Joint Venture – In the event of a change in control of BCNEPA, AmeriHealth Caritas has an option to buy out our shares.

BCNEPA exited the AmeriHealth Northeast Medicaid Joint Venture pursuant to an agreement entered into on June 18, 2014, with a retroactive effective date of March 31st of 2014. AmeriHealth Caritas remains in the HealthChoices program in the New East region and continues to do business using the AmeriHealth Northeast name.

(2) BCNEPA believes that the Transaction will be approved and that the likelihood of denial is low and therefore the risk low. BCNEPA and Highmark have cooperated fully and in a timely manner so see no impediments to approval of the transaction.

While BCNEPA has expressed that it is unlikely the Transaction will not obtain the required statutory approvals, the failure to obtain the necessary approvals resulting in a failure to close would have a substantial negative impact on BCNEPA operations because BCNEPA believes Highmark is the best option to address BCNEPA’s market challenges. Also, the initial selection of Highmark by BCNEPA may have a chilling effect on other formerly interested bidders and the passage of time may make BCNEPA a less attractive affiliation option for other bidders.

As BCNEPA previously explained in various responses to the PID Information Request, specifically in the Response to 2.5.3.3, BCNEPA determined in the fall of 2012 that it no longer could alone face the market challenges, including but not limited to, the need for access to capital investments, the need for increased scale, and the need for a larger geographic footprint, to compete effectively for both commercial and government business. BCNEPA’s response to Request 2.5.3.3 outlines the risks for BCNEPA if the Merger transaction does not close.

The Medicaid Joint Venture is no longer an impediment or risk as explained in our response to Required Action (1) above.

(3) The Location Commitment, Employment Commitment and Highmark indemnification obligations under the Merger Agreement are each described in the Merger Agreement and are not readily summarized. The relevant provisions are set forth below. There are no side letters or other agreements that supplement these obligations. BCNEPA does not know the anticipated cost to Highmark of such obligations.

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 6.1 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 (2nd) 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 (2nd) 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 (4th) 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 (60th) day that follows the first (1st) 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 (5th) 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.

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.

(4) BCNEPA believes this request needs to be directed to/addressed by Highmark.

(5) With regard to the BCNEPA Release, BCNEPA is not aware of any known obligations for which any Indemnified Parties are being released.

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