

**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 SUPPLEMENTAL RESPONSE TO PID INFORMATION  
REQUEST 5.4.3.7 FROM  
THE PENNSYLVANIA INSURANCE DEPARTMENT**

**REQUEST 5.4.3.7:**

**Provide a summary in chart form of the specific amounts (or a good faith estimate of the specific amounts) of all annual compensation (including but not limited to cash compensation, the value of health insurance or other benefits, the value of education expenses, the value of additional expenses or reimbursements, etc.) (“Compensation”) that each (i) current member of the BCNEPA Board; (ii) member of the Advisory Board; (iii) individual who will serve on a committee of the Advisory Board; or (iv) member of the board or officers of AHRC may or is expected to receive from any Highmark Entity, BCNEPA Entity, the Foundation, the Public Charity, AHRC or Affiliates of any of them after the effective date of the merger. This includes but is not limited to Compensation referred to in Section 5.6.6 of the Merger Agreement. For the purpose of responding to this Request, assume that each person will serve in these capacities for a one year period.**

**RESPONSE:**

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

BCNEPA provided with its confidential response to Request 5.4.3.7 a summary in chart form of a good faith estimate of the specific amounts of all annual compensation (including, but not limited to cash compensation, the value of health insurance, or other benefits, value of education expenses, the value of additional expenses or reimbursements, etc.) (“Compensation”) that each (i) current member of the BCNEPA Board; (ii) member of the Advisory Board; (iii) individual who will serve on a committee of the Advisory Board; or (iv) member of the board or officers of AHRC may or is expected to receive from any Highmark Entity, BCNEPA Entity, the Foundation, the Public Charity, AHRC or Affiliates of any of them after the effective date of the merger. In addition, BCNEPA provided with its confidential response to Request 5.4.3.7 information concerning the compensation payable to the senior executive officers of AHRC.

As stated in BCNEPA’s prior response to information request 5.4.8.5, BCNEPA currently anticipates that AHG and HRC will merge prior to BCNEPA’s merger with Highmark, that the surviving corporation in that merger will be renamed AllOne Health Resource Corporation (AHRC) and that AHRC will be contributed to the proposed public charity.

The following individuals are anticipated to serve on the initial Board of Directors of AHRC following the closing BCNEPA’s merger with Highmark:

AHRC Board

John P. Moses  
Frank E. Apostolico  
Paul J. Canevari  
Peter J. Danchak  
Louis A. DeNaples  
Bart E. Ecker, Esq.  
John H. Graham  
Alan S. Hollander, Esq.  
Gary F. Lamont  
Richard K. Mangan  
John D. McCarthy, Jr.  
John J. Menapace  
Paul H. Rooney, Jr.  
Rhea P. Simms  
David J. Williams

These individuals currently serve on BCNEPA’s Board of Directors.

BCNEPA’s Board of Directors retained a compensation consulting firm to advise it with respect to the compensation of the Board of Directors of AHRC following the merger with Highmark. The BCNEPA Board of Directors adopted the following compensation policy with respect to the compensation of members of the AHRC Board of Directors which is consistent with the recommendations of the compensation consulting firm it retained:

- Annual Retainer: Chairman of the Board - \$30,000; Board member serving as a chair of a committee of the Board - \$20,000; Other Board members - \$15,000.

- Per Committee Meeting Fee: \$750.
- No Meeting Fee for Regularly Scheduled Board Meetings.

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