



March 28, 2007

Dear Valued Provider,

Today is an exciting and unprecedented milestone in the history of Independence Blue Cross (IBC). I am proud to share with you some important news for the Commonwealth of Pennsylvania: IBC's board and Highmark's board have agreed to combine. You and your colleagues, as health care practitioners and, in some cases, as our members, are among our most valued assets, and we wanted you to hear from us directly regarding our plans.

WHAT DOES THIS MEAN FOR YOU?

Our organizations have worked closely together for more than 50 years and have a unified goal in making health care coverage better and more attainable for all of Pennsylvania. The combination of our two organizations will better enable us to maintain affordable programs, meet our customers' needs, and fund essential technology and infrastructure improvements.

After extensive due diligence, including many discussions with you, we are convinced that the combination of our two companies will foster long-term stability on which you can continue to depend. Your patients and our communities will also benefit from the renewed vitality and potential this venture brings to Pennsylvania.

BENEFITS OF THE COMBINATION

Here are some of the specific benefits resulting from the combination of our companies:

- The new, combined company will remain a Pennsylvania-based company, employing approximately 18,000 people and will maintain dual headquarters in Philadelphia and Pittsburgh. We will retain the same local and regional relationships throughout the state.
- The new organization will generate more than \$1 billion in economic benefits over six years to provide access to affordable, high quality health care coverage. This includes \$650 million to help expand access to benefits for our state's uninsured population, as well as administrative efficiencies that we expect will result in significant prescription drug cost and administrative cost savings for our customers.
- We will continue to champion health information technology, and support providers with ongoing enhancements to the existing Web-based platforms both companies already have in place.
- We intend to expand and enhance the focused collaborations on quality and patient safety currently in place at IBC and Highmark to address the unique medical needs of our members in each region of the Commonwealth.

ORGANIZATIONAL CHANGES

Highmark president and CEO, Ken Melani, M.D. will serve as the chief executive officer and I will serve as president and chief operating officer of the combined company. The combination of our two organizations will require regulatory approval and we are committed to keeping you informed as the process progresses.

IBC and Highmark are committed to our social mission and to you, our valued providers. I extend my gratitude for your participation in our network and for delivery of high quality health care to our members and your patients.

Sincerely,

A handwritten signature in black ink that reads "Joseph A. Frick". The signature is written in a cursive, flowing style.

Joseph A. Frick
President & CEO
Independence Blue Cross