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November 24, 2010

VIA E-MAIL & FIRST-CLASS MAIL

The Honorable Battle R. Robinson
104 W. Market Street
Georgetown, DE 19947

Re: Proposed Affiliation of BCBSD, Inc. with Highmark Inc.

Dear Judge Robinson:

With your appointment as Hearing Officer on November 4, 2010, my client, the Delaware Department of Insurance (the "Department"), respectfully suggests that the next step in the above-named matter, pursuant to the Pre-Hearing Order, dated October 20, 2010, is consideration of a form of public notice to solicit any additional parties who have demonstrated a "significant pecuniary interest in the proceeding, which interest is not adequately represented by an existing Party, and the protection of which otherwise will be impaired or impeded unless such person is admitted as a party," to apply for status as a Party in this matter.

Enclosed herewith please find a draft form of such public notice for your consideration, which proposes a deadline of Tuesday, December 28, 2010, as well as the process by which any interested parties may submit a written application for Party status in this matter. The enclosed draft also proposes and would provide public notice of a public hearing on Tuesday, January 18, 2011, to hear argument in support of or in opposition to such requests for Party status by the applicants, Parties to the proceeding, and members of the public in attendance. The Department is willing to assist by reserving a room suitable for the public hearing, whether scheduled on January 18, 2011, or any other date. The Department will also collect any written submissions it receives, per the proposed notice, retain copies, and forward these to you promptly after the final deadline and in advance of the hearing.

If the enclosed form of public notice and the proposed schedule is satisfactory, please note that publication in two newspapers of general, daily circulation in Delaware (typically, THE NEWS JOURNAL and THE STATE NEWS) for five consecutive days, at least twenty

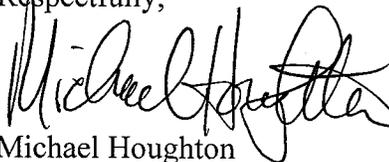
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days before the application deadline, is required, and as such, the enclosed notice should be provided to these publications no later than the morning of Thursday, December 2, 2010, for publication to begin on Friday, December 3, 2010. The Department will undertake to ensure proper publication subsequent to your review and approval of the proposed notice. If additional assistance is required to facilitate publication of the notices, my administrative assistant Suzanne Stein would be available to help; she may be reached by telephone at (302) 351-9245 or email at sstein@mnat.com.

Finally, we respectfully suggest that it is timely and appropriate to convene a conference call among the current Parties to this proceeding, which includes the Department, the Attorney General of the State of Delaware, BCBSD, Inc., and Highmark Inc., for the purpose of 1) introducing the Parties to the Hearing Officer; 2) discussing the proposed notice and schedule to identify additional Parties; and 3) discussing any other preliminary matters you deem appropriate. The Department is available to assist with the logistics of setting up such a call, and I would be pleased to coordinate matters if you deem it to be appropriate.

I am available at your convenience to should you have any questions.

Respectfully,



Michael Houghton

MH/BRM/ss

Enclosures

cc: See Attached Service List

3915768.3

**IN RE: THE PROPOSED AFFILIATION OF BCBSD, INC.,
DOING BUSINESS AS BLUE CROSS BLUE SHIELD
OF DELAWARE, WITH HIGHMARK INC.**

**PUBLIC HEARING
IDENTIFICATION OF PARTIES IN INTEREST**

Highmark Inc., a Pennsylvania nonprofit corporation, has filed with Insurance Commissioner Karen Weldin Stewart, pursuant to the Commissioner's general regulatory authority under 18 *Del. C.* § 301 *et seq.*, a proposed plan to affiliate with BCBSD, Inc., a Delaware nonprofit health service corporation. The Hearing Officer, appointed by the Commissioner's Order, dated November 4, 2010, will hold a hearing open to the public to consider the merits of the affiliation proposal, although no hearing date has been established relating to the merits of the proposal.

Any person who seeks to be determined a party in interest to this proceeding must submit, in writing, his or her name; the name of his or her organization, if any; the name of his or her counsel, if any; and a brief statement of the reason why he, she, or the organization which he or she represents should be declared a party to this proceeding pursuant to the Pre-Hearing Order, dated October 20, 2010, to Linda Sizemore, Director of Company Regulation, at the Delaware Department of Insurance, 841 Silver Lake Boulevard, Dover, DE 19904-2465. The foregoing written statement must be submitted by 4:00 p.m. Tuesday, December 28, 2010, by mail, hand, parcel service, fax delivery (302-739-2709), or electronic mail (Linda.Sizemore@state.de.us). If delivered by fax or electronic mail to the Delaware Department of Insurance, the original signed document must be received by the Delaware Insurance Department within two (2) days of the transmission. A duplicate submission shall be simultaneously filed by any one of the following methods: mail, hand, parcel service, fax delivery, or electronic mail, with all of the following: David S. Swayze, Esquire, attorney for BCBSD, Inc., at Parkowski, Guerke & Swayze, P.A., 800 King Street, Suite 203, Wilmington, DE 19801 (fax: 302-654-3033; email: dswayze@pgslegal.com); Michael Houghton, Esquire, attorney for the Delaware Department of Insurance at Morris, Nichols, Arsht & Tunnell, LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, DE 19899 (fax: 302-658-3989; email: mhoughton@mnat.com); Frederick K. Campbell, Esquire, attorney for Highmark Inc., at Mitchell & Williams, 425 West Capitol Avenue, Suite 1800, Little Rock, AR 72201-3525 (fax: 501-688-8807; email: RCampbell@mwlaw.com); and Timothy P. Mullaney, Sr., Esquire, attorney for the Delaware Department of Justice, at P.O. Box 1227, Dover, DE 19901 (fax: 302-577-6499; email: Tim.Mullaney@state.de.us).

The Hearing Officer will hold a public hearing at the Delaware Department of Insurance Hearing Room, 841 Silver Lake Boulevard, Dover, DE 19904 at 9:30 a.m. on Tuesday, January 18, 2011 to hear argument in support of or in opposition to such requests for party status by the applicant or parties to the proceeding. If necessary, the Hearing Officer may continue such hearing to a date and time to be set by the Hearing Officer. Public Comment at this hearing shall be limited to the party status issue. There will be no opportunity for Public Comment on the merits of the affiliation proposal.

Additional information about this matter is available at <http://www.delawareinsurance.gov/departments/bcbs/bcbs.shtml>.

SERVICE LIST

<p>The Honorable Battle R. Robinson 104 W. Market Street Georgetown, DE 19947 Phone: 302.856.2248 <i>Hearing Officer</i></p>	<p>Timothy P. Mullaney, Sr., Esquire Delaware Department of Justice P.O. Box 1227 Dover, DE 19901 Phone: 302.577.8341 Fax: 302.577.6499 Email: Tim.Mullaney@state.de.us</p> <p>and</p> <p>Ian R. McConnell, Esquire Delaware Department of Justice Carvel State Office Bldg 820 N. French Street Wilmington, DE 19801 Phone: 302.577.8533 Fax: 302.577.6499 Email: ian.mcconnel@state.de.us</p>
<p>William E. Kirk, III, Esquire Vice President, General Counsel and Secretary BCBSD, Inc. 800 Delaware Avenue, Suite 900 Wilmington, DE 19801-1368 Phone: 302.421.3416 Fax: 302.421.3126 Email: William.Kirk@BCBSDE.com <i>Counsel for BCBSD, Inc.</i></p>	<p>David S. Swayze, Esquire Michael W. Teichman, Esquire Parkowski, Guerke & Swayze, P.A. 800 King Street, Suite 203 Wilmington, DE 19801 Phone: 302.594.3330/302.594.3331 Fax: 302.654.3033 Email: dswayze@psglegal.com Email: mteichman@psglegal.com <i>Counsel for BCBSD, Inc.</i></p>
<p>Frederick K. Campbell, Esquire S. Doak Foster, Esquire Mitchell, Williams, Selig, Gates & Woodyard, PLLC 425 West Capitol Avenue, Suite 1800 Little Rock, AR 72201-3525 Phone: 501.688.8882/501.688.8841 Fax: 501.918.7882/501.918.7841 Email: rcampbell@mwlaw.com Email: dfoster@mwlaw.com <i>Counsel for Highmark Inc.</i></p>	<p>Edward A. Bittner, Jr., Esquire Senior Counsel – Highmark Inc. Fifth Avenue Place 120 Fifth Avenue, Suite 2180 Pittsburgh, PA 15222-3099 Phone: 412.544.8529 Fax: 412.544.7423 Email: ed.bittner@highmark.com <i>Counsel for Highmark Inc.</i></p>

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