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## Highmark and Independence Blue Cross Withdraw Applications to Combine

**Pittsburgh and Philadelphia – January 21, 2009** – Highmark Inc. and Independence Blue Cross (IBC) announced today that they have withdrawn their applications to the Pennsylvania Insurance Department (PID) to combine the two companies. They submitted the applications to the PID in April 2007.

In a joint statement, Kenneth R. Melani, M.D., president and chief executive officer of Highmark, and Joseph A. Frick, IBC's president and chief executive officer, said:

“During the last 21 months, our proposed combination has been closely examined in an unprecedented, wide-ranging, and open review with extensive public comments, outside expert analysis, and 10 public hearings. However, in recent days, it became clear to us that despite the well-documented advantages of the consolidation for our customers and our communities, the Insurance Department would not approve the transaction because of its belief that there would be an adverse impact on competition. We fundamentally disagree: we have shown that the combination would not lessen competition in our markets. In fact, the U.S. Department of Justice examined the competitive effects of the proposed combination on two separate occasions and cleared the transaction each time.

“To address its concern about the combination's impact on competition, the PID told us that we would have to relinquish the use of either the Blue Cross brand or the Blue Shield brand. Throughout the review process, we have stated repeatedly that we would not give up one of our brands. We have spent more than 70 years developing our brands' value in our markets and they are an integral part of our corporate identities and reputation.

“While we believe that the combination as originally proposed would have been of great benefit to all of our stakeholders, we concluded that giving up one of our brands would preclude the new company from delivering to our customers, communities, and the Commonwealth the full results we had projected. This is genuinely disappointing.

“We appreciate the many people who voiced their support for the proposed combination. Above all, we deeply thank our employees for their dedicated, tireless work during this prolonged process.

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“As we move forward as separate, financially stable, Pennsylvania-based companies, we believe we will continue to be the health insurer of choice in each of our markets because of our passionate commitment to serving our customers’ needs. As we have for decades, Highmark and IBC will continue to work together under the Blue Cross and the Blue Shield banners. We will also continue to look for opportunities to collaborate with other Blues, the PID, the Governor, the General Assembly, and other key stakeholders in health care to achieve our mission: to improve access to affordable, quality health care and strengthen the wellbeing of the communities we serve.”

### About Highmark Inc.

As one of the leading health insurers in Pennsylvania, Highmark Inc.'s mission is to provide access to affordable, quality health care enabling individuals to live longer, healthier lives. Based in Pittsburgh, Highmark is a leading health insurer in the 49 counties of western and central Pennsylvania and provides health care coverage to 4.6 million people. To fulfill its corporate mission, Highmark contributes millions of dollars each year to help keep quality health care programs affordable and to support community-based programs that work to improve people's health and well-being.

Highmark’s consolidated balance sheet, capitalization and market position have been recognized by Standard & Poor’s and A.M. Best, which rated Highmark “A” (Strong) and “A” Excellent, respectively, in 2008. More information about Highmark is available at [www.highmark.com](http://www.highmark.com).

### About Independence Blue Cross

Independence Blue Cross is a leading health insurer in southeastern Pennsylvania. Nationwide, Independence Blue Cross and its affiliates provide coverage to nearly 3.4 million people. For 70 years, Independence Blue Cross has offered high-quality health care coverage tailored to meet the changing needs of members, employers, and health care professionals. Independence Blue Cross’s HMO and PPO health care plans have consistently received the highest ratings from the National Committee for Quality Assurance.

To fulfill its commitment to the communities and people it serves, Independence Blue Cross contributes millions of dollars each year to improve access to quality, affordable health care in the region by funding clinics for the uninsured, increasing the supply of nurses, fighting hospital-acquired infections, and promoting community wellness. More information about IBC is available at [www.ibx.com](http://www.ibx.com).

*Independence Blue Cross and Highmark are independent licensees of the Blue Cross and Blue Shield Association.*

Sincerely,



Reginald E. Brown  
Director, Producer Affairs, West