

LAW OFFICES

**PARKOWSKI, GUERKE & SWAYZE**

PROFESSIONAL ASSOCIATION  
800 KING STREET, SUITE 203  
WILMINGTON, DELAWARE 19801  
302-654-3300  
FAX: 302-654-3033

DOVER OFFICE  
116 W. WATER STREET  
PO BOX 598  
DOVER, DE 19903  
302-678-3262  
FAX: 302-678-9415

F. MICHAEL PARKOWSKI  
I. BARRY GUERKE  
DAVID S. SWAYZE  
CLAY T. JESTER  
JEREMY W. HOMER (also PA)  
JOHN C. ANDRADE  
MARK F. DUNKLE (also GA & PA)  
WILLIAM A. DENMAN  
MICHAEL W. ARRINGTON (also MD & DC)  
CHRISTINE P. SCHILTZ  
MICHAEL W. TEICHMAN  
KASHIF I. CHOWDHRY (also PA)

WRITER'S DIRECT DIAL:  
(302) 594-3310

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GEORGETOWN OFFICE  
16 S. FRONT STREET  
GEORGETOWN, DE 19947  
302-855-9090

September 16, 2011

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

**RE: DOJ Objection Letter**

Dear Judge Robinson:

On September 7, 2011, the Delaware Department of Justice submitted to Your Honor a "Presentation to The Delaware Department of Justice" dated August 30, 2011 entitled "The Public Benefit Asset" prepared by Grace Global Capital, LLC" (the "Grace Report"). At page 5 of the Grace Report, the author acknowledges the enactment by the Delaware General Assembly, effective July 12, 2011, of an amendment to the Delaware Not-for-profit Health Care Conversion Act (29 Del C. Ch. 25) (the "Conversion Act"), which provides that the proposed affiliation does not constitute a "conversion" under the Conversion Act.

Quoting the Grace Report:

"Grace Global Capital understands that the DOJ is submitting this report on the record for the general purpose of estimating what the value of the Public Benefit Asset of BCBSD would have been had the Proposed Affiliation been effected as a conversion, and also for reference should any future conversion be contemplated."

Given that neither of the purposes cited above has any relevance to the criteria for evaluating the proposed affiliation enumerated in Chapter 50 of Title 18, Delaware Code, this is to advise Your Honor that BCBSD will formally object to the admission of the Grace Report as part of the record of the hearing *sub judice* should the DOJ petition to do so, and further, that Highmark, the Applicant in this matter, has authorized BCBSD to represent that it will join in such objection.

Respectfully submitted,



David S. Swayze

DSS/dav

cc: See attached service list

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF DELAWARE**

**In Re: The proposed affiliation of )  
BCBSD, Inc., doing business as )  
Blue Cross Blue Shield of Delaware, ) Docket No. 1509-10  
With HIGHMARK, INC. )**

**CERTIFICATE OF SERVICE**

I, Michael W. Teichman, do hereby certify that a copy of the letter of David S. Swayze, Esquire to The Honorable Battle R. Robinson was served on this the 16<sup>th</sup> day of September, 2011 as follows:

The Honorable Battle R. Robinson Via Federal Express  
104 West Market Street  
Georgetown, DE 19947  
E-Mail: [Robinson@ce.net](mailto:Robinson@ce.net)

GianClaudio Finizio, Esquire Via Hand Delivery  
Bayard, P.A.  
222 Delaware Avenue, #900  
P.O. Box 25130  
Wilmington, DE 19899-5130  
E-Mail: [gfinizio@bayardlaw.com](mailto:gfinizio@bayardlaw.com)

William E. Kirk, III, Esquire Via Hand Delivery  
Vice President, General Counsel & Secretary  
800 Delaware Avenue, Suite 900  
Wilmington, Delaware 19801-1368  
E-Mail: [William.Kirk@BCBSDE.com](mailto:William.Kirk@BCBSDE.com)

Frederick K. Campbell, Esquire Via Federal Express  
S. Doak Foster, Esquire  
Mitchell, Williams, Selig,  
Gates & Woodyard, PLLC  
425 West Capitol Avenue, Suite 1800  
Little Rock, Arkansas 72201-3525  
E-Mail: [rcampbell@mwlaw.com](mailto:rcampbell@mwlaw.com)  
E-Mail: [dfoster@mwlaw.com](mailto:dfoster@mwlaw.com)

Ian R. McConnell, Esquire Via Hand Delivery  
Meredith S. Tweedie, Esquire  
Delaware Department of Justice  
Carvel State Office Building  
820 N. French Street  
Wilmington, Delaware 19801  
E-Mail: [ian.mcconnel@state.de.us](mailto:ian.mcconnel@state.de.us)  
[meredith.stewart@state.de.us](mailto:meredith.stewart@state.de.us)

Edward A. Bittner, Jr., Esquire  
Senior Counsel – Highmark Inc.  
Fifth Avenue Place  
120 Fifth Avenue, Suite 2180  
Pittsburgh, Pennsylvania 15222-3099  
E-Mail: [ed.bittner@highmark.com](mailto:ed.bittner@highmark.com)

Via Federal Express

Michael Houghton, Esquire  
Leslie Polizoti, Esquire  
Brenda Mayrack, Esquire  
Morris, Nichols, Arsht & Tunnell LLP  
1201 N. Market Street  
P.O. Box 1347  
Wilmington, Delaware 19899  
E-Mail: [mhoughton@mnat.com](mailto:mhoughton@mnat.com)  
E-Mail: [ipolizoti@mnat.com](mailto:ipolizoti@mnat.com)  
E-Mail: [bmayrack@mnat.com](mailto:bmayrack@mnat.com)

Via Hand Delivery

Mona Anil Parikh, Esquire  
Buchanan Ingersoll & Rooney PC  
1105 N. Market Street  
Wilmington, DE 19801  
E-Mail: [mona.parikh@bipc.com](mailto:mona.parikh@bipc.com)

Via Hand Delivery



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Michael W. Teichman (DE Id. No. 3323)