



Thomas J. Cooper, Chairman
James A. Wolfe, President & CEO

October 4, 2011

Ms. Linda Sizemore
Director of Company Regulation
Delaware Department of Insurance
841 Silver Lake Boulevard
Dover, DE 19904

Dear Ms. Sizemore:

I am pleased to submit this letter of support regarding the proposed affiliation between Blue Cross Blue Shield of Delaware (BCBSD) and Highmark Inc. (Highmark).

After reviewing the public information regarding the proposed affiliation and discussing it with BCBSD executives on numerous occasions, I believe that BCBSD needs to pursue an affiliation to continue to thrive in the local marketplace — and that the proposed transaction with Highmark is in the best interest of business owners as well as Delawareans. Among the reasons are:

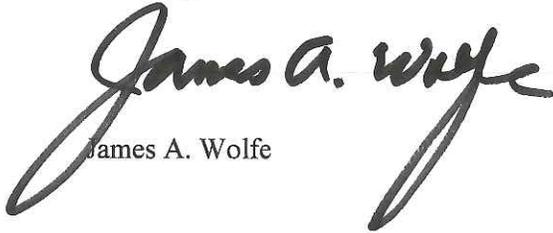
- BCBSD has had a strong local presence in Delaware for more than 75 years. This proposed affiliation will allow BCBSD to continue to have a local presence and provide the high level of local service that DSCC members and other BCBSD members have come to expect.
- Today's economy and the health care marketplace necessitate an affiliation with a larger plan. While BCBSD remains the local market leader, its competitors are all large, national companies that have grown through acquisitions and consolidations. These companies have access to more resources and enjoy economies of scale. As a small stand-alone company, BCBSD lacks the human resources and financial capital to make the necessary investments required to meet the rapidly changing marketplace needs of the future.
- BCBSD and Highmark, both not-for-profit Blue Cross and Blue Shield Plans, share similar values and commitments. Both companies have a long history of community giving and supporting local initiatives. An affiliation with Highmark will allow BCBSD to continue its commitment to, and involvement in, the community.
- Small businesses in Delaware constantly seek ways that will help them control the growth of their health care costs and keep their employees healthy. With Highmark's assistance, we believe BCBSD will have access to new solutions for local employers, including medical management programs and services, to help improve overall employee health. These solutions will also help BCBSD identify underlying drivers of medical costs on an employer-by-employer basis, which will help employers control the growth of their health care costs.

Without an affiliation, BCBSD's commitment to the health of the Delaware community, as well as its long-term ability to remain competitive in the local marketplace risk being compromised. National health care reform and the constantly evolving health care environment will require significant investments from

BCBSD for it to continue to provide innovative and quality products. We believe it would be challenging for BCBSD to deliver these without a strong partner.

I am confident that this proposed affiliation will serve Delaware and all its citizens well and I am hopeful that the Department of Insurance will approve BCBSD's request.

Sincerely,

A handwritten signature in black ink that reads "James A. Wolfe". The signature is written in a cursive, flowing style with a large, sweeping initial "J".

James A. Wolfe

cc: Tim Constantine
Michael Houghton, Esq.