

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE STATE AUDITOR
STATE OF MONTANA**

IN THE MATTER OF
THE CONVERSION OF BLUE CROSS AND
BLUE SHIELD OF MONTANA, INC. AND
THE ALLIANCE WITH HEALTH CARE
SERVICE CORPORATION,

Applicants.

Case No. INS-2012-238

**STIPULATION BETWEEN
THE MONTANA ATTORNEY
GENERAL AND THE APPLICANTS**

The Attorney General of the State of Montana (“Attorney General”), and Applicants Blue Cross Blue Shield of Montana, Inc. (“BCBSMT”) and Health Care Service Corporation, (“HCSC”), based on their individual review of and reliance on discovery and disclosures and representations made in this matter, and the testimony and evidence admitted into the record at the hearing held before the Hon. William Leaphart on March 12 – 14, 2013 (the “Hearing Examiner”) concerning the potential alliance between BCBSMT and HCSC (hereinafter “Proposed Transaction”), hereby agree and stipulate to the following:

1. The Attorney General, subject to the terms of this stipulation and all prior stipulations in this matter, agrees that with respect to Montana Code Ann. Section 50-4-715, the Proposed Transaction is in the public interest. Subject to a review of the Findings of Fact and Conclusions of Law of the Hearing Examiner, the Attorney General agrees that he shall issue his final order pursuant to Mont. Code Ann. 50-4-713(1)(a) no later than fourteen (14) days after the issuance by the Hearing Examiner of his Findings of Fact and Conclusions of Law.

2. As set forth in the previous stipulation entered into between the Attorney General and the Applicants, the fair market value of the assets which HCSC shall acquire in the Proposed Transaction pursuant to the Asset Purchase Agreement entered into between HCSC and BSBCMT on November 15, 2013 (the "Asset Purchase Agreement" or "APA") is \$40.2 million. HCSC agrees to pay BCBSMT (or foundation, if required) \$40.2 million as the Purchase Price under the APA.

3. HCSC will make a good faith commitment to maintain its non-profit status for five (5) years after approval of the transaction.

4. HCSC will establish a customer service center or other facility with at least 100 new jobs in the State of Montana by December 31, 2016.

5. This Stipulation and all terms herein are contingent upon final approval of the Proposed Transaction and the entry of a final order approving the same by the Attorney General and the Commissioner of Securities and Insurance.

6. This Stipulation and all terms herein are also contingent upon the actual closing of the Proposed Transaction as set forth in the Asset Purchase Agreement.

7. Nothing in this Stipulation or in any final order issued by the Attorney General approving the Proposed Transaction shall be construed so as to waive or in any way limit the confidential and proprietary nature of certain documents and testimony designated as confidential or privileged by either HCSC, BCBSMT, or both, with respect to any documents or testimony produced in discovery or designated as kept under seal by the Hearing Officer or the parties, or any of them, shall remain under seal unless the seal is lifted. All documents or testimony designated as confidential or privileged by HCSC, BCBSMT, or both, including documents or testimony under seal, will continue to be kept

confidential by the Attorney General pursuant to applicable Montana law, including *Great Falls Tribune v. Montana Public Service Commission*, 319 Mont. 38, 82 P. 3d 876 (2003).

8. Nothing in this Stipulation shall be binding on any party to this Stipulation until each of the parties or their authorized representatives have executed this Stipulation and delivered copies of the same to each of the other parties.

9. This Stipulation shall be effective (subject to section 8) upon execution by all parties as provided in paragraph 8 herein.

10. This Stipulation may be signed in counterparts.

Dated this 19th day of April, 2013.

ATTORNEY GENERAL OF THE STATE OF MONTANA

By: Kelley L. Hubbard
Assistant Attorney General

HEALTH CARE SERVICE CORPORATION

By: _____

Its: _____

BLUE CROSS BLUE SHIELD OF MONTANA

By: _____

Its: _____

including *Great Falls Tribune v. Montana Public Service Commission*, 319 Mont. 38, 82 P. 3d 876 (2003).

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Dated this 19th day of April, 2013.

ATTORNEY GENERAL OF THE STATE OF MONTANA

By: _____

HEALTH CARE SERVICE CORPORATION

By: Colleen J. Bentzen

Its: EVP + COO

BLUE CROSS BLUE SHIELD OF MONTANA

By: _____

Its: _____

including *Great Falls Tribune v. Montana Public Service Commission*, 319 Mont. 38, 82 P. 3d 876 (2003).

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Dated this 19th day of April, 2013.

ATTORNEY GENERAL OF THE STATE OF MONTANA

By: _____

HEALTH CARE SERVICE CORPORATION

By: _____

Its: _____

BLUE CROSS BLUE SHIELD OF MONTANA

By: M. G. Fu

Its: President; CEO

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served via email on the 19th day of April, 2013, to the following:

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