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**From:** David Rubin <David.Rubin@butlersnow.com>  
**Sent:** Friday, January 12, 2024 1:01 PM  
**To:** Johnson, Ronnie L.; Aguilar, Rudy  
**Subject:** FW: Approvals

Everything approved....see below and previous "all good" email.

**David S. Rubin**  
**Butler Snow LLP**

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**From:** David Caldwell <David.Caldwell@ldi.la.gov>  
**Sent:** Friday, January 12, 2024 12:59 PM  
**To:** David Rubin <David.Rubin@butlersnow.com>  
**Cc:** Claire Lemoine <Claire.Lemoine@ldi.la.gov>  
**Subject:** RE: Approvals

Thought I did already, but for belt and suspenders here they are.

*J. David Caldwell*  
Executive Counsel  
Louisiana Department of Insurance  
Division of Legal Services  
1702 North Third St.  
Baton Rouge, LA 70802  
225-342-4673  
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**From:** David Rubin <[David.Rubin@butlersnow.com](mailto:David.Rubin@butlersnow.com)>  
**Sent:** Friday, January 12, 2024 12:56 PM  
**To:** David Caldwell <[David.Caldwell@ldi.la.gov](mailto:David.Caldwell@ldi.la.gov)>  
**Cc:** Claire Lemoine <[Claire.Lemoine@ldi.la.gov](mailto:Claire.Lemoine@ldi.la.gov)>  
**Subject:** FW: Approvals

David, please send the "Approved" reply and I will forward.

**David S. Rubin**

## Butler Snow LLP

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**From:** Aguilar, Rudy <[rudyaquilar@mcglinchey.com](mailto:rudyaquilar@mcglinchey.com)>  
**Sent:** Friday, January 12, 2024 12:53 PM  
**To:** David Rubin <[David.Rubin@butlersnow.com](mailto:David.Rubin@butlersnow.com)>  
**Cc:** Johnson, Ronnie L. <[rjohnson@mcglinchey.com](mailto:rjohnson@mcglinchey.com)>  
**Subject:** Approvals

David, please find attached the final Member Information Statement, Notice of Special Meeting, Bucksliip and Proxy. Can you have LDI please confirm that these have been approved. Thank you. Rudy

### Rodolfo J. Aguilar, Jr.

Attorney at Law

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Ohio Rhode Island Tennessee Texas Washington Washington, DC



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**LOUISIANA HEALTH SERVICE & INDEMNITY COMPANY D/B/A/  
BLUE CROSS AND BLUE SHIELD OF LOUISIANA**

5525 Reitz Avenue  
Baton Rouge, Louisiana 70809

**NOTICE OF SPECIAL MEETING**

**FOR APPROVAL OF THE PLAN OF REORGANIZATION  
REGARDING THE CONVERSION FROM A MUTUAL INSURANCE COMPANY TO A  
STOCK INSURANCE COMPANY**

**NOTICE IS HEREBY GIVEN THAT** a Special Meeting of Voting Members (defined herein) of Louisiana Health Service & Indemnity Company d/b/a/ Blue Cross and Blue Shield of Louisiana, a Louisiana mutual insurance company (being referred to as "BCBSLA") will be held on February 21, 2024 beginning at 9:00 a.m., prevailing Central time, at 5525 Reitz Avenue, Baton Rouge, Louisiana 70809 to vote on the Plan of Reorganization Regarding the Conversion from a Mutual Insurance Company to a Stock Insurance Company dated January 23, 2023, as amended by Amendment No. 1 effective as of July 18, 2023, Amendment No. 2 effective as of August 23, 2023, Amendment No. 3 effective as of December 12, 2023, and Amendment No. 4 effective as of January 11, 2024 (the "Plan").

"Voting Members" are policyholders of BCBSLA who owned an in force policy on December 31, 2023 issued by BCBSLA.

A summary of the Plan is attached to this Notice.

Also attached to this Notice is an information statement about the Plan along with detailed voting instructions for the Special Meeting.

**THIS NOTICE IS INTENDED FOR VOTING MEMBERS ONLY.**

**YOU ARE NOT ENTITLED TO VOTE AT THE SPECIAL MEETING UNLESS YOU ARE  
A VOTING MEMBER.**

LOUISIANA HEALTH SERVICE & INDEMNITY COMPANY  
D/B/A BLUE CROSS AND BLUE SHIELD OF LOUISIANA  
5525 Reitz Avenue, Baton Rouge, Louisiana 70809

Dear BCBSLA Policyholder:

On January 23, 2023 (the “**Adoption Date**”), the Louisiana Health Service & Indemnity Company (d/b/a Blue Cross and Blue Shield of Louisiana) (referred to herein as “**BCBSLA**”) Board of Directors adopted a Plan of Reorganization. The Plan of Reorganization was approved in connection with an agreement and plan of acquisition with Elevance Health, Inc. (formerly known as Anthem, Inc. and referred to herein as “**Elevance Health**”) under which Elevance Health proposes to acquire BCBSLA through its wholly owned subsidiary ATH Holding Company, LLC. The Plan of Reorganization was subsequently amended upon approval by the Board of Directors by Amendment No. 1 effective as of July 18, 2023, Amendment No. 2 effective as of August 23, 2023, Amendment No. 3 effective as of December 12, 2023 and Amendment No. 4 effective as of January 11, 2024.

This Member Information Statement refers to a public hearing on the Plan of Reorganization to be held by the Louisiana Department of Insurance on February 14 and 15, 2024 (the “**Public Hearing**”), and provides notice of a special meeting of BCBSLA policyholders (the “**Special Meeting**”) to be held at 9:00 a.m. Central Time on February 21, 2024, at the offices of BCBSLA located at 5525 Reitz Avenue, Baton Rouge, Louisiana 70809.

As a BCBSLA policyholder as of December 31, 2023, the new record date for the Special Meeting (the “**Record Date**”), you are entitled to vote on this transaction. The BCBSLA Board of Directors has determined that the Proposed Reorganization is in the best interests of BCBSLA and its policyholders and members and is seeking your vote in favor of the Plan of Reorganization.

**Please note that any proxy previously granted in 2023 (whether online, by mail or by phone) will be disregarded. Therefore, if you have previously granted your proxy (whether online, by mail or by phone), and you wish to grant your proxy at the Special Meeting, you must grant your proxy again on the proposed Plan of Reorganization using the instructions on your enclosed proxy form, so that we can maintain an accurate and current list of proxies granted for the Special Meeting.**

To help with your consideration of the vote, the following documents are enclosed:

- A Member Information Statement containing a detailed summary of the transactions contemplated by the Plan of Reorganization;
- A summary of the proposed reorganization of BCBSLA from a mutual insurance company into a stock insurance company pursuant to Louisiana law, which is necessary for BCBSLA to be acquired by Elevance Health through its wholly owned subsidiary ATH Holding Company, LLC.
- Certain financial information of BCBSLA; and

- A proxy form that you may use to grant your proxy on the proposed Plan of Reorganization instead of voting in person at the upcoming special meeting.

We thank you for being a BCBSLA policyholder and look forward to continuing to serve you as Anthem Blue Cross and Blue Shield of Louisiana under the umbrella of Elevance Health, Inc. following the completion of the Proposed Reorganization.

Sincerely,

I. Steven Udvarhelyi, M.D.

President and Chief Executive Officer

## **MEMBER INFORMATION STATEMENT SUMMARY – PLEASE READ**

You are receiving the attached “Member Information Statement” because you have been identified as a Voting Member of Louisiana Health Service & Indemnity Company (d/b/a Blue Cross and Blue Shield of Louisiana and referred to herein as “**BCBSLA**”) as of December 31, 2023. December 31, 2023 is the new record date for the Special Meeting (the “**Record Date**”). Voting Members (Policyholders with In Force Policies as of the Record Date) are eligible to vote on the proposed Plan of Reorganization. Eligible Members (Policyholders whose In Force Policies were in effect as of January 23, 2023, the date the BCBSLA Board of Directors approved the Plan of Reorganization (the “**Adoption Date**”), and continue to be in effect as of the Reorganization Effective Date (each an “**Eligible Policy**”)) are eligible to receive their fair and equitable allocation of the Eligible Member Payment.

As explained in the attached Member Information Statement, BCBSLA’s Board of Directors recommends that you vote in favor of the Plan of Reorganization, which, if approved by the required number of Voting Members and the Commissioner of Insurance for the State of Louisiana and, subject to other customary closing conditions, if completed, will result in

- (i) BCBSLA converting from a mutual insurance company to a stock insurance company;
- (ii) a payment to you, if you are an Eligible Member, of approximately \$3,000 for each Eligible Policy as consideration for the extinguishment of your Membership Interest; and
- (iii) funding of approximately \$3 billion for a new nonprofit foundation or trust (as explained below- See “*The Foundation & the Trust*” on page 35) dedicated to improving the health and lives of the people of the State of Louisiana. Completion of the Plan of Reorganization will not change the terms, conditions or coverage provided by any insurance policy issued by BCBSLA. Completion of the Proposed Reorganization will not result in increased premiums or reduced coverage under your In Force Policy in the Policy year, the duration of which is governed by the terms of the Policy.

Upon the conversion of BCBSLA from a mutual insurance company to a stock insurance company as provided for by the Plan of Reorganization, all of the authorized shares of capital stock of BCBSLA will be issued to ATH Holding Company, LLC (“**Purchaser**”), an Indiana limited liability company and a wholly owned subsidiary of Elevance Health, Inc. (“**Elevance Health**”). This indirect acquisition of BCBSLA by Elevance Health is subject to approval by the Commissioner of Insurance for the State of Louisiana and should, among other things, create meaningful economies of scale, provide BCBSLA with greater resources and enhanced access to technology to improve the experience for members, customers, providers and other stakeholders, and support improvements in BCBSLA’s products, services and capabilities.

If the Plan of Reorganization does not receive approval by the required number of Voting Members or the Commissioner of Insurance for the State of Louisiana or otherwise is not completed, BCBSLA will remain a mutual insurance company, you will not receive the approximately \$3,000 payment for each Eligible Policy referred to above, and the new nonprofit foundation will not be

funded. BCBSLA's Board of Directors recommends that you vote in favor of the Proposed Reorganization. Please note that the BCBSLA Board of Directors has disclosed their conflict of interest of its financial interest in the Plan of Reorganization.

***THE FOREGOING IS A SUMMARY ONLY AND IS INTENDED TO BE READ IN CONJUNCTION WITH THE ENTIRETY OF THE ATTACHED MEMBER INFORMATION STATEMENT.***

*Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Glossary of Key Terms below.*

The Member Information Statement contains important information about:

- (1) A proposed reorganization of BCBSLA from a mutual insurance company to a stock insurance company;
- (2) A proposed issuance of 100% of the newly issued shares of common stock of BCBSLA as a converted stock insurance company to Purchaser;
- (3) How the Proposed Reorganization with Purchaser and Elevance Health would affect Voting Members;
- (4) How Voting Members can vote for or against the Plan of Reorganization; and
- (5) How Eligible Members may receive payment in connection with the Proposed Reorganization.

The Member Information Statement describes a proposed reorganization of BCBSLA from a Louisiana mutual insurance company into a Louisiana stock insurance company pursuant to a Plan of Reorganization Regarding the Conversion from a Mutual Insurance Company to a Stock Insurance Company (as amended, the "**Plan of Reorganization**," and the transactions contemplated by such Plan of Reorganization, the "**Proposed Reorganization**").

As part of the Plan of Reorganization, each Eligible Member will be entitled to receive their share of the Eligible Member Payment.

If the Proposed Reorganization is completed, the Membership Interests of Policyholders will be extinguished as part of the reorganization. The Membership Interests that are to be extinguished are all rights and interests of the Policyholders of BCBSLA under law and BCBSLA's governing documents, namely the Policyholders' right to vote on certain matters.

Demutualization laws of the State of Louisiana (LSA-R.S. § 22:72, LSA-R.S. §§ 22:236 *et seq.*) and the other applicable provisions of the Louisiana Insurance Code (collectively, the "**Louisiana Demutualization Law**") control the Proposed Reorganization and, together with the BCBSLA Articles of Incorporation and Bylaws, define the Policyholders entitled to vote on the Proposed Reorganization and the Policyholders entitled to receive consideration from the Proposed Reorganization.



BCBSLA is responsible for

- (i) identifying who Voting Members are and identifying Eligible Members who will receive consideration from the Proposed Reorganization, and
- (ii) ensuring each Eligible Member is paid their fair and equitable allocation of the Eligible Member Payment for the extinguishment of all of their Membership Interests. Eligible Members will receive payment of consideration of approximately \$3,000 in exchange for the extinguishment of all of their Membership Interests (including all voting rights included with the Membership Interests).

**“Voting Members”** are Policyholders with In Force Policies as of the Record Date. *Only Voting Members are permitted to vote on the Plan of Reorganization. Policyholders with In Force Policies as of the Adoption Date and the date of the closing of the Proposed Reorganization are “Eligible Members.” Your Policy must remain In Force from the Adoption Date through the date the Proposed Reorganization is completed in order for you to remain an Eligible Member. **Only Eligible Members will receive their fair and equitable allocation of the Eligible Member Payment** (as defined below).*

As part of the Proposed Reorganization and as required by Louisiana law (LSA-R.S. § 22:236.3), BCBSLA has determined that payment of consideration in the amount of approximately \$307,755,241 in total is fair to the Eligible Members as a group, from a financial point of view (the **“Eligible Member Payment”**). This amount remains subject to adjustment, which may result in a higher or lower Eligible Member Payment, that will occur as a result of the final reconciliation of the total number of member months by including the member months from the Adoption Date through the effective date of the Reorganization as well as the amount of BCBSLA’s surplus at the time of Closing. This determination was supported by and is consistent with a fairness opinion that the Board of Directors of BCBSLA obtained from Chaffe & Associates, Inc. (**“Chaffe”** or the **“Qualified Investment Banker”**). The methodology used to calculate the Eligible Member Payment is described in more detail in the *“Questions and Answers About the Proposed Reorganization and the Vote”* section on page 6.

Subsequent to the filing of the proposed Plan of Reorganization with the Department on January 23, 2023, BCBSLA was able to conduct an exhaustive search of all available records, including records located in archived systems and files, in order to prepare an updated estimate of the aggregate Eligible Member Payment of \$307,755,241, or approximately \$3,000 per policy held by an Eligible Member from the Adoption Date until the Reorganization Effective Date. This updated estimate of the aggregate Eligible Member Payment was reflected in the Amendment No. 1 to the Plan of Reorganization which was approved by the Board on July 18, 2023. This amount remains subject to adjustment, which may result in a higher or lower Eligible Member Payment, that will occur as a result of the final reconciliation of the total number of member months by including the member months from the Adoption Date through the effective date of the Reorganization as well as the amount of BCBSLA’s surplus at the time of Closing.

It is anticipated that if certain conditions are satisfied, as outlined further below (see *“The Foundation & the Trust”* on page 35), the Foundation would donate or contribute the funds it receives in connection with the Proposed Reorganization to a newly established special charitable

trust (as referred to herein, the “**Trust**”). The Trust would be established under the laws of the State of Louisiana and it is intended that the Trust will be exempt from federal income tax as an organization described in Section 501(c)(4) of the Code. The Trust would have the same general purpose as the Foundation of improving the health and lives of the people of the State of Louisiana. However, until the earlier of the initial twelve years of its existence or the achievement of certain milestones or criteria, the Trust would have primary areas of focus within that general purpose. As outlined further below (see “*The Foundation & the Trust*” on pages 35-36), the primary areas of focus would be related to

- efforts to transition people who are using public assistance programs to independence through methods that adequately and sustainably provide for their needs and dignity,
- improving health outcomes by addressing chronic illnesses, disabilities and health concerns through a focus on diabetes, maternal/infant health, and mental health,
- health care workforce development through programs designed to match the demand for the health care work force in Louisiana while addressing the excess demand on training institutions and risk of out-of-state migration, and
- optimizing government performance (in particular, state health care, workforce, and social services agencies).

The Plan of Reorganization does not change the terms, conditions or coverage provided by any insurance policy issued by BCBSLA. Completion of the Proposed Reorganization will not result in increased premiums or reduced coverage under your In Force Policy in the Policy year.

However, premiums and policy coverage are frequently adjusted upon renewal. In fact, BCBSLA has already filed with the Department proposed rate changes for the Policy years beginning in 2024.

The Plan of Reorganization is the result of careful deliberation by the BCBSLA Board of Directors. The BCBSLA Board of Directors determined that the Plan of Reorganization serves the best interest of Policyholders and members and is consistent with BCBSLA’s mission as set forth in its governing documents. The BCBSLA Board of Directors approved the Plan of Reorganization.

As set forth above, the Plan of Reorganization will not be completed unless (among other closing conditions that must be satisfied or waived) the Plan of Reorganization is approved by:

- (i) at least two-thirds of the votes cast by Voting Members in person or by special ballot or special proxy; and
- (ii) the Commissioner of Insurance for the State of Louisiana.

There are conditions to the Proposed Reorganization that may be material to your decision whether to vote for or against the Plan of Reorganization. These conditions are described below.

This document provides a brief overview of the Plan of Reorganization and Acquisition Agreement. The Member Information Statement that follows includes key transaction documents and provides detailed information about how the Plan of Reorganization will affect your interests in BCBSLA as follows:

- a glossary of key terms (page 1);
- questions and answers about the Proposed Reorganization and vote (page 6);
- the benefits and risks of the Proposed Reorganization (pages 8-9);
- financial information regarding BCBSLA (page 52, Annex A);
- a background discussion of the Plan of Reorganization, including the Board of Directors' reasons for approving the Plan of Reorganization and its recommendation to Voting Members (page 23);
- in connection with the Proposed Reorganization, information regarding the Foundation and/or a new trust which may be established (page 35)
- an explanation of the Special Meeting, including the rules governing it and instructions on how to vote (page 38);
- summaries of the fairness opinion of Chaffe and the actuarial opinion by Deloitte Consulting LLP (page 40);
- risks and considerations relating to the Plan of Reorganization (page 43);
- certain U.S. federal income tax considerations relating to the Plan of Reorganization (page 45);
- a cautionary statement concerning forward-looking information (page 50); and
- a summary of the Plan of Reorganization and Acquisition Agreement (page B-1, Annex B).

**Voting Members are strongly encouraged to vote in favor of the Plan of Reorganization by the Board of Directors of BCBSLA.** Please note that the BCBSLA Board of Directors has disclosed their conflict of interest of a financial interest in the Plan of Reorganization. You may cast your vote in one of four ways:

- (1) submit your proxy online using the instructions on the enclosed proxy form;
- (2) submit your proxy by phone using the instructions on the enclosed proxy form;
- (3) complete and return the enclosed proxy form by mail to Blue Cross and Blue Shield of Louisiana c/o First Coast Results, PO Box 3672, Ponte Vedra Beach, FL 32004-9911; or
- (4) vote in person at the Special Meeting. Please note that the submission of your proxy online, by mail or by phone must be received no later than 11:59 p.m. Central Time on February

19, 2024, to be counted for purposes of the Special Meeting. A postage prepaid envelope preprinted with the above address is enclosed for your use.

**Please note that any proxy previously granted (whether online, by mail or by phone) will be disregarded for purposes of the rescheduled Special Meeting. Therefore, if you have previously granted your proxy (whether online, by mail or by phone), and you wish to grant your proxy at the Special Meeting, you *must* grant your proxy again on the proposed Plan of Reorganization using the instructions on your enclosed proxy form, so that we can maintain an accurate and current list of proxies granted for the Special Meeting.**

If you have questions or need assistance voting, please call MacKenzie Partners, Inc. at 1 (800) 356-8906 from 8:00 a.m. to 5:00 p.m., Central Time, Monday through Friday.

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**Louisiana Health Service & Indemnity Company  
D/B/A Blue Cross and Blue Shield of Louisiana**

**Member Information Statement**

January 19, 2024

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## GLOSSARY OF KEY TERMS

The following are brief explanations of certain terms used in this Member Information Statement.

<b>Term</b>	<b>Definition</b>
<b>Acquisition</b>	The acquisition by Purchaser of 100% of the shares of Common Stock of BCBSLA pursuant to the transactions completed under the Acquisition Agreement.
<b>Acquisition Agreement</b>	The Agreement and Plan of Acquisition dated January 23, 2023, by and among BCBSLA, the Foundation, Purchaser and Elevance Health, as it may be amended from time to time. A summary of the Acquisition Agreement is included herein as part of <u>Annex B</u> .
<b>Adoption Date</b>	January 23, 2023, the effective date of the Board’s adoption of the Plan of Reorganization.
<b>Affiliate</b>	An “Affiliate” of any particular Person means any other Person controlling, controlled by or under common control with such Person, where “ <u>control</u> ” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.
<b>Alternative Transaction</b>	Any transaction or series of related transactions, whether or not proposed in writing, pursuant to which any Third Party or group of Third Parties would, directly or indirectly, (i) acquire or participate in a merger, consolidation, or other business combination involving BCBSLA, directly or indirectly, (ii) acquire a substantial equity interest in BCBSLA, including the right to vote 25% or more of the capital stock (following a reorganization or conversion) of BCBSLA or a resulting parent company of BCBSLA Inc., (iii) acquire 25% or more of the assets of BCBSLA, other than in the ordinary course of business, (iv) acquire in excess of 25% of the outstanding capital stock (following a reorganization or conversion) of BCBSLA or a resulting parent company of BCBSLA Inc., other than as contemplated by the Acquisition Agreement, (v) acquire control of BCBSLA, or (vi) effect any transaction similar to the above.
<b>Amended and Restated Articles of Incorporation</b>	The amended and restated articles of incorporation of BCBSLA as of the Reorganization Effective Date.
<b>Amended and Restated Bylaws</b>	The amended and restated bylaws of BCBSLA as of the Reorganization Effective Date.
<b>Antitrust Law</b>	The Sherman Act, 15 U.S.C. §§ 1-7, as amended; the Clayton Act, 15 U.S.C. §§ 12-27, 29 U.S.C. §§ 52-53, as amended; the HSR Act; the Federal Trade Commission Act, 15 U.S.C. §§ 41-58, as amended; and all other federal, state and foreign laws, orders, administrative and judicial doctrines, and other laws that are designed or intended to prohibit, restrict, or regulate actions having the purpose or effect of monopolization or restraint of trade.
<b>Approved Excess Surplus</b>	An amount equal to the statutory capital of BCBSLA in excess of 500% of the authorized control level risk based capital of BCBSLA as of the Closing Date, or such other amount as approved by the Commissioner.

<b>Term</b>	<b>Definition</b>
<b>BCBSLA</b>	Louisiana Health Service & Indemnity Company d/b/a Blue Cross and Blue Shield of Louisiana.
<b>BCBSLA Records</b>	The books, records and accounts of BCBSLA.
<b>BCBSLA Subsidiaries</b>	The subsidiaries of BCBSLA.
<b>Board</b>	The Board of Directors of BCBSLA.
<b>Board Recommendation</b>	The Board’s recommendation to the Voting Members that they approve the Proposed Reorganization and approve and adopt the Plan of Reorganization at the Special Meeting.
<b>Business Day</b>	Any day other than a Saturday or Sunday or any other day on which commercial banks in Baton Rouge, Louisiana, or New York, New York, are authorized or required by Law to close.
<b>Closing</b>	The closing of the transactions contemplated by the Acquisition Agreement.
<b>Closing Date</b>	The date of the Closing of the Acquisition.
<b>Code</b>	The Internal Revenue Code of 1986, as amended.
<b>Commissioner</b>	The Commissioner of Insurance for the State of Louisiana.
<b>Company Entities</b>	BCBSLA and each BCBSLA Subsidiary.
<b>Department</b>	The Louisiana Department of Insurance.
<b>Eligible Member Payment</b>	The total consideration to be paid to Eligible Members for the extinguishment of their Membership Interests.
<b>Eligible Members</b>	Each Policyholder of an Eligible Policy.
<b>Eligible Policy</b>	Any Policy that is In Force on the Adoption Date through to the Reorganization Effective Date.
<b>Foundation</b>	The Accelerate Louisiana Initiative, Inc., a newly formed Louisiana nonprofit non-stock corporation organized to work to improve the health and lives of the people of the State of Louisiana which has qualified as a Code Section 501(c)(4) social welfare organization.
<b>In Force</b>	A Policy will be deemed to be “In Force” as of any date if, as shown in the BCBSLA Records as of such date, the effective date of such Policy occurs on or prior to such date, and as of such date the required premium has been received by BCBSLA and such Policy, as shown on BCBSLA’s records on such date, has not expired or otherwise been surrendered or terminated; <u>provided</u> that a Policy will be deemed to be In Force during any applicable grace period for non-payment of premiums as administered by BCBSLA if the applicable premium is paid prior to expiration of such grace period; <u>provided, further</u> , however, that such Policy will not be deemed to be In Force following the last day for which premiums have been paid if such grace period expires without the applicable premium having been paid.



<b>Term</b>	<b>Definition</b>
<b>Indemnified Parties</b>	Each person who is now, or who has been at any time before Closing, a member of the Board.
<b>Insurance Regulators</b>	All Governmental Authorities regulating the business of insurance under applicable federal and state insurance laws.
<b>IRS</b>	Internal Revenue Service.
<b>Louisiana Demutualization Law</b>	LSA-R.S. § 22:72, LSA-R.S. §§ 22:236 <i>et seq.</i> , and the other applicable provisions of the Louisiana Insurance Code.
<b>Membership Interests</b>	All of the rights and interests of Policyholders of BCBSLA arising under and provided by law and by BCBSLA’s then-effective articles of incorporation and then-effective bylaws.
<b>Paying Agent</b>	Epiq Corporate Restructuring, LLC, who shall serve as paying agent pursuant to the terms of the Paying Agent Agreement.
<b>Paying Agent Agreement</b>	The paying agent agreement to be entered into by and among Purchaser, BCBSLA and the Paying Agent, in the form mutually agreed to by the parties to the Acquisition Agreement prior to the Closing.
<b>Person</b>	An individual, partnership, firm, association, corporation, joint-stock company, limited liability company, trust, government or governmental agency, state or political subdivision of a state, public or private corporation, board, association, estate, trustee, or fiduciary, or any similar entity.
<b>Plan of Reorganization</b>	The Plan of Reorganization Regarding the Conversion from a Mutual Insurance Company to a Stock Insurance Company (including all its schedules and exhibits), as originally adopted, as amended by that Amendment No. 1 effective as of July 18, 2023, that Amendment No. 2 effective as of August 23, 2023, that Amendment No. 3 effective as of December 12, 2023, that Amendment No. 4 effective as of January 11, 2024 and as may be from time to time further amended, supplemented or modified as legally permitted under Louisiana law (including the Louisiana Demutualization Law). The Plan of Reorganization is the legal document that governs the Proposed Reorganization. A summary of the Plan of Reorganization is included herein as part of <u>Annex B</u> .
<b>Policy</b>	Any individual insurance policy or group health care benefits contract that has been issued by BCBSLA and under which the Policyholder holds Membership Interests.
<b>Policyholder</b>	The Policyholder of an In Force Policy as of any date specified in the Plan of Reorganization will be determined by BCBSLA on the basis of BCBSLA’s records as of such date in accordance with the following provisions: <ul style="list-style-type: none"> <li>• The Policyholder of a Policy that is an individual insurance policy is the Person who signed the application for the Policy or, in the case of applications made on behalf of minor children, the Person who signed the application.</li> <li>• The Policyholder of a group insurance policy is the Person or Persons sponsoring the group health care benefits plan. For the avoidance of doubt, certificates or other evidences of insurance issued under a group Policy are not and shall not be treated as Policies.</li> </ul>

<b>Term</b>	<b>Definition</b>
	<ul style="list-style-type: none"> <li>• In no event may there be more than one Policyholder of a Policy, although more than one Person may be entitled to health benefits under a Policy.</li> <li>• Self-funded or administrative services-only contracts are not contracts of insurance and do not create Membership Interests for the contract holders or participants of such groups.</li> <li>• Except as otherwise set forth in the Plan of Reorganization, the identity of the Policyholder is determined by BCBSLA without giving effect to any interest of any other Person in such Policy. For the avoidance of doubt, certificates or other evidences of insurance issued under a group policy are not and shall not be treated as Policies.</li> <li>• In any situation not expressly covered by the above provisions, or as to which application of the above provisions is unclear, the Policyholder reflected on the records of BCBSLA and determined in good faith by BCBSLA, will be presumed to be the Policyholder for purposes of the Plan of Reorganization, and, except for administrative errors, BCBSLA will not be required to examine or consider any other facts or circumstances.</li> <li>• The mailing address of a Policyholder as of any date for purposes of the Plan of Reorganization will be the Policyholder’s last known address as shown on the records of BCBSLA as of such date.</li> <li>• Any dispute as to the identity of a Policyholder or the right to vote or receive consideration will be determined in accordance with the above and the relevant provisions of the Louisiana Demutualization Law, applicable provisions of the Louisiana Insurance Code or such other procedures as may be acceptable to the Commissioner.</li> </ul>
<b>Proposed Reorganization</b>	Collectively, the proposed reorganization of BCBSLA from a mutual insurance company into a stock insurance company contemplated by the Plan of Reorganization (in the form approved by the Commissioner and pursuant to the Louisiana Demutualization Law), the Acquisition and the transactions related thereto and contemplated thereby.
<b>Purchaser</b>	ATH Holding Company, LLC, an Indiana limited liability company.
<b>Record Date</b>	December 31, 2023, the record date for Voting Members entitled to vote on the Plan of Reorganization at the Special Meeting.
<b>Reorganization Effective Date</b>	The effective date of the Plan of Reorganization is the date certified by the Commissioner in accordance with LSA-R.S. § 22:236.8(C).
<b>Special Meeting</b>	The special meeting to be held at 9:00 a.m. Central Time on February 21, 2024, of the Voting Members to vote on the Plan of Reorganization and any adjournment thereof.
<b>Superior Proposal</b>	A bona fide written proposal made to BCBSLA by any Third Party which did not result from a breach of the non-solicitation and negotiations with other parties provisions of the Acquisition Agreement with respect to any Alternative Transaction, (a) that is on terms that the Board determines in good faith (after consultation with its financial advisors and outside legal counsel) would result in a transaction that, if completed, is (i) more favorable to the Eligible Members, as a group, and (ii) no less favorable to the Foundation, in each case of (i) and (ii), from a financial point of view, than the Proposed Reorganization and the Acquisition Agreement (taking into

<b>Term</b>	<b>Definition</b>
	account any proposal by Purchaser to amend the terms of the Acquisition Agreement), (b) with respect to which the cash consideration and other amounts (including costs associated with the Proposed Reorganization) payable at closing are subject to fully committed financing from recognized financial institutions, and (c) which is reasonably likely to receive all required governmental approvals, including by the Department and Voting Members, on a timely basis and otherwise reasonably capable of being completed within a reasonable period of time on the terms proposed, taking into account all financial, regulatory, legal and other aspects of such proposal, as is the Proposed Reorganization and the Acquisition Agreement.
<b>Third Party</b>	Any Person other than BCBSLA, Purchaser, or any of their respective subsidiaries or Affiliates.
<b>Transaction Documents</b>	The Plan of Reorganization, the Acquisition Agreement and the documents related thereto and contemplated thereby.
<b>Trust</b>	A newly established special charitable trust, as further described below in “ <i>The Foundation &amp; The Trust</i> ” on p. 35.
<b>Voting Member Approval</b>	The approval of the Plan of Reorganization by no less than two-thirds of the Voting Members present or represented by special ballot or special proxy at the Special Meeting pursuant to Louisiana law (§ 236.5 of the Louisiana Insurance Code (LSA-R.S. § 22:236.5)).
<b>Voting Members</b>	Policyholders whose Policies are In Force as of the Record Date.

## **QUESTIONS AND ANSWERS ABOUT THE PROPOSED REORGANIZATION AND THE VOTE**

*Unless otherwise indicated, any references to “we” or “us” refer to BCBSLA and any references to “you” refer to Voting Members. This Member Information Statement has been sent to you because BCBSLA Records indicate that you are a Voting Member because you are a Policyholder of an In Force Policy as of the Record Date.*

*Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Glossary of Key Terms above.*

### **Questions and Answers About the Plan of Reorganization**

#### **Q1. What is the Plan of Reorganization?**

- A1. The Plan of Reorganization is the document describing the reorganization of BCBSLA from a mutual insurance company to a stock insurance company and, immediately thereafter, the issuance of 100% of the newly issued common stock of BCBSLA to Purchaser in accordance with the Acquisition Agreement.

The Plan of Reorganization includes the Plan of Reorganization itself, the Acquisition Agreement and other exhibits. A summary of the Plan of Reorganization and Acquisition Agreement is included herein as Annex B.

#### **Q2. What are Eligible Members entitled to receive in the Proposed Reorganization?**

- A2. Eligible Members are Policyholders with any Policy that was In Force on the Adoption Date and remains In Force through the Reorganization Effective Date (which is the date certified by the Commissioner in accordance with LSA-R.S. § 22:236.8(C)). The Eligible Members are entitled to receive a fair and equitable allocation of the Eligible Member Payment for the extinguishment of their Membership Interests. Only Eligible Members are permitted to receive their fair and equitable allocation of the Eligible Member Payment. Your Policy must have been In Force on the Adoption Date and remain In Force from the Adoption Date through the date the Reorganization Effective Date is completed in order for you to remain an Eligible Member and receive your fair and equitable allocation of the Eligible Member Payment.

The Proposed Reorganization and payment to the Eligible Members depends on, among other things, approval of the Plan of Reorganization by the Commissioner and by the Voting Members at the Special Meeting, and the satisfaction or waiver of certain other conditions described in the Acquisition Agreement.

Subsequent to the filing of the proposed Plan of Reorganization with the Department on January 23, 2023, BCBSLA was able to conduct an exhaustive search of all available records, including records located in archived systems and files, in order to prepare an updated estimate of the aggregate Eligible Member Payment of \$307,755,241, or over \$3,000 per policy held by an Eligible Member on the Adoption Date and through the effective date of the Reorganization. This updated estimate of the aggregate Eligible

Member Payment was reflected in the Amendment No. 1 to the Plan of Reorganization which was approved by the Board on July 18, 2023. It remains subject to adjustment, which may result in a higher or lower Eligible Member Payment, that will occur as a result of the final reconciliation of the total number of member months by including the member months from the Adoption Date through the Reorganization Effective Date as well as the amount of BCBSLA's surplus at the time of Closing.

**Q3. What is the Proposed Reorganization?**

A3. The Proposed Reorganization involves a reorganization, or demutualization, of BCBSLA (demutualization is the process by which an insurance company converts from a mutual company owned by policyholders into a stock company owned by one or more shareholders) and, among other things, upon conversion, the issuance of 100% of the newly issued common stock of BCBSLA to Purchaser in accordance with the Acquisition Agreement.

**Q4. How can Eligible Members receive their share of the Eligible Member Payment?**

A4. Following the Closing, the Paying Agent or BCBSLA will mail, by first class mail, a return envelope, an IRS Form W-9, along with instructions on how to receive their portion of the Eligible Member Payment. Upon receipt of appropriate instructions, sent by the Eligible Member, including an IRS Form W-9 (or appropriate Form W-8, as applicable) verifying their address and certifying, under penalties of perjury, their correct taxpayer identification number or any required certifications for tax purposes, the Paying Agent shall make payment of the portion of the Eligible Member Payment attributable to such Eligible Member, less any applicable tax withholding, by the mailing of a check (by first class mail) or such other payment method as mutually agreed to by BCBSLA and the Paying Agent.

**Q5. What was the basis for determining the amount of the Eligible Member Payment?**

A5. Consistent with Louisiana law (LSA-R.S. § 22:236.3(A)) and the Plan of Reorganization, and in consultation with and reliance upon advisors, the Board determined that consideration in the amount of approximately \$307,755,241 is fair to the Eligible Members as a group, from a financial point of view, in exchange for the extinguishment of all of their Membership Interests (including all voting rights included with the Membership Interests). This amount is subject to adjustment, which may result in a higher or lower Eligible Member Payment, that will occur as a result of the final reconciliation of the total number of member months by including the member months from the Adoption Date through the effective date of the Reorganization as well as the amount of BCBSLA's surplus at the time of Closing. To help determine this amount and as required by Louisiana law, the BCBSLA Board of Directors obtained a fairness opinion from Chaffe & Associates, Inc. ("Chaffe" or the "Qualified Investment Banker").

**Q6. Why is BCBSLA proposing the Plan of Reorganization?**

A6. The Plan of Reorganization is the result of careful deliberation by the Board of the best interests of BCBSLA and its Policyholders and members. The Board and management team of BCBSLA conducted detailed strategic assessments of how BCBSLA could improve to better serve its Policyholders and members. As part of that assessment, the Board considered possible business combination strategies that may have been available to BCBSLA, a demutualization of BCBSLA on a stand-alone basis and the viability of remaining independent, with or without acquiring other businesses. The Board regularly discussed and considered presentations from various financial advisors, third-party consultants and legal counsel evaluating the advantages and disadvantages of the various strategic alternatives. The Board also consistently monitored recent and ongoing developments in the health insurance and health care industry. Consequently, when considering BCBSLA's long-term strategic opportunities and prospects, the Board was cognizant and took into consideration broader trends in the health insurance and health care industry, including the challenges facing the health insurance and health care industry over the last decade to provide Policyholders and members with the highest quality of care and service. Based on the above and the terms of the Plan of Reorganization, the Board determined that the Plan of Reorganization is in the best interests of BCBSLA's Policyholders and other members. The Proposed Reorganization allows Eligible Members to receive cash for the extinguishment of their Membership Interests and to continue to be insured by an industry-leading health insurer. The Board approved the Plan of Reorganization and entering into the Acquisition Agreement with Purchaser and Elevance Health and recommends that the Voting Members approve the Plan of Reorganization. Please note the Board has disclosed its conflict of interest of a financial interest in the Plan of Reorganization. See "*The Proposed Reorganization – Background of the Proposed Reorganization Provided by BCBSLA*" on page 23.

**Q7. What are the advantages of the Proposed Reorganization to Policyholders?**

A7. In addition to providing Eligible Members with the opportunity to receive their fair and equitable allocation of the Eligible Member Payment for the extinguishment of their Membership Interests, the Board:

- believes the Plan of Reorganization serves the best interests of Policyholders and members;
- considered BCBSLA's position as an independent company in the highly competitive environment for health care insurers and believes that BCBSLA's ability to pursue its strategic objectives and further its mission will be enhanced by the Plan of Reorganization;
- believes the Plan of Reorganization and ownership by Elevance Health will create meaningful economies of scale and will provide BCBSLA with greater resources and enhanced access to technology to improve the experience of members, customers, providers and other stakeholders, and support

advancement in BCBSLA's products, services and capabilities to help improve the affordability and quality of care provided to Policyholders and members;

- considered that Elevance Health has a history of successfully integrating past acquisitions and investing substantial resources in such companies, resulting in the steady growth and expansion of such insurers over time; and
- received the opinion of the Qualified Investment Banker as to the fairness from a financial point of view of the total consideration to be received by the Eligible Members as a group in the Plan of Reorganization.

**Q8. What are the potential disadvantages of the Plan of Reorganization to Policyholders?**

A8. The Plan of Reorganization will:

- extinguish Policyholders' Membership Interests, which includes all rights and interests of Policyholders of BCBSLA under law and its governing documents, namely the Policyholder's right to vote; and
- result in BCBSLA becoming an indirect subsidiary of Elevance Health, a publicly traded company, which has a shareholder base to which it is accountable and whose interests may be different than those of the members of BCBSLA.

**Q9. Will the Proposed Reorganization change the Membership Interests of Policyholders?**

A9. **Yes.** Policyholders of a mutual insurance company with policies that are In Force have certain rights and interests, including the right to vote on various matters (including certain extraordinary transactions, such as a conversion), and the right to participate in meetings of policyholders. If the Proposed Reorganization occurs, all Membership Interests of the Policyholders in BCBSLA will be extinguished.

The Proposed Reorganization does not change the terms, conditions or coverage provided by any insurance policy issued by BCBSLA. Completion of the Proposed Reorganization will not result in increased premiums or reduced coverage under your In Force Policy in the Policy year. Upon renewal, your premiums or coverages may change.

**Q10. Who is eligible to receive a portion of the Eligible Member Payment?**

A10. Each Eligible Member is entitled to receive their fair and equitable allocation of the Eligible Member Payment. In general, Policyholders of an Eligible Policy will be Eligible Members and will be eligible to receive their share of the Eligible Member Payment. Under the Louisiana Demutualization Law, a Policyholder who did not own a Policy on the Adoption Date is not an Eligible Member. In addition, Policyholders

who terminate their Policies *after* the Adoption Date and *prior* to the Reorganization Effective Date are not Eligible Members.

**Q11. When will the Eligible Member Payment be distributed?**

A11. The Eligible Member Payment will be distributed by the Paying Agent promptly following receipt of the documents and information referred to in A4 above. BCBSLA proposes to make this payment after the approval of the Acquisition and following the Closing.

**Q12. Can an Eligible Member sell, assign or transfer their right to receive their share of the Eligible Member Payment?**

A12. **No.** An Eligible Member Payment will not be transferable except, in specific circumstances, to (i) the personal representative or heirs of a deceased individual or (ii) the successor to the business of a corporation or other business entity. Documentation of a transfer exception must be provided to and accepted by the Paying Agent.

**Q13. What conditions must be met in order for the Proposed Reorganization to occur?**

A13. The Proposed Reorganization cannot be completed unless the following conditions are met:

- the Commissioner approves the Plan of Reorganization;
- approval of the Plan of Reorganization by at least two-thirds of Voting Members who are actually present or represented at the Special Meeting by special proxy or special ballot; and
- all of the other conditions to the closing of the Acquisition Agreement are met or waived in accordance with their terms.

**Q14. Is the receipt of the Eligible Member Payment taxable?**

A14. The receipt of the Eligible Member Payment in accordance with the Plan of Reorganization is a taxable transaction for U.S. federal income tax purposes. See “*U.S. Federal Income Tax Considerations*” on page 48.

**Q15. Will the Proposed Reorganization adversely affect the coverages under a Policy that is In Force?**

A15. **No.** Completion of the Proposed Reorganization will not result in increased premiums or reduced coverage under your In Force Policy in the Policy year. Upon renewal, your premiums or coverages may change.

**Q16. Who are Purchaser and Elevance Health?**



A16. Elevance Health, through its subsidiaries, is a health benefits company in the United States serving more than 48 million medical members through its affiliated health plans. Elevance Health is an independent licensee of the Blue Cross and Blue Shield Association, or BCBSA, an association of independent health benefit plans, and currently serves its members as the Blue Cross and/or Blue Shield licensee for all or portions of fourteen states: California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (in the New York City metropolitan area and upstate New York), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin.

**Q17. What does Elevance Health do and how can a transaction with Elevance Health result in future benefits to BCBSLA Policyholders?**

A17. Elevance Health has developed a portfolio of whole health solutions and capabilities with over \$4 billion in investments in recent years. This portfolio of whole health solutions is designed to support members' physical, mental and social health in an integrated fashion. It is designed to provide solutions for a wide variety of member needs, ranging from wellness and preventative care to condition-specific needs for illnesses such as diabetes, cancer and heart conditions. Having condition-specific solutions that complement the care delivered by health care providers enables members to focus on what will improve their health and lives. Increasingly, health care is being delivered digitally and outside of the traditional physician's office when appropriate, especially in rural parts of Louisiana where health care services can be located hours away from a member's home or work. Elevance Health's digital platforms and health care delivery assets dramatically improve access via mobile devices, internet, and phone at the convenience of members. These whole health capabilities have shown success in improving Elevance Health members' health. Elevance Health has recently developed a 'whole health index', a dynamic model to better understand drivers of health and measure the impact of its various solutions on health outcomes in a community. This index also helps identify the most promising future opportunities to improve the health of members and their communities. Further, Elevance Health plans to invest annually over \$1 billion in building new capabilities – capabilities that the Board desires to bring to BCBSLA members. Among the whole health solutions that Elevance Health offers are:

(1) Elevance Health's Cancer Care Navigator and Concierge Care solutions to support members with cancer and their families with personalized one-to-one support as they navigate the complex landscape of cancer care. Examples include connecting and aligning with the appropriate health care providers, matching with appropriate clinical trials, traveling to a center of excellence, and getting second opinions when needed. These solutions already serve members in Elevance Health's existing segments and ensure that Elevance Health members understand their options, get high quality care, and minimize unnecessary hospital visits.

(2) Personalized care programs for diabetes patients, including remote patient monitoring and AI-powered coaching that recommends specific actions members can take to better manage their health. These solutions help diabetic members maintain the right nutrition and activity levels to proactively minimize any disease complications. As a testament to the effectiveness of these tools, Elevance Health's Medicare Advantage members have 19% lower A1C (blood sugar levels) than diabetic Medicare seniors nationally.

(3) Maternal health solutions focused on maternal morbidity and pre-natal and postpartum care, with a goal to reduce health disparities in Louisiana such as low birth weight and pre-term births, especially among Black women. Examples of whole health solutions include incentives for pregnant women for timely pre-natal visits, postpartum depression screening and follow-up, dedicated clinical liaisons who collaborate with health care providers and advocate for the right care for the member, and a comprehensive suite of digital tools to support future moms as they journey through their pregnancies. Together, these solutions among current Elevance Health members have helped reduce the number of pre-term births by 25% and decrease the number of low birthweight babies by 26%, metrics in which Louisiana currently ranks 50<sup>th</sup> among all states.

(4) A full suite of industry-leading behavioral health services through a broad network of experts that already serve one out of every six people in the United States. Elevance Health is committed to bring to BCBSLA members enhanced access to clinical mental health support, substance use disorder treatment, specialty programs such as autism and depression, crisis programs, support for children in foster care, virtual counseling, 24-hour chat service and more. These services are integrated into medical product design. Through improved data and analytics capabilities, BCBSLA will be able to proactively identify members at risk and in need of health interventions. The behavioral health capabilities of Elevance Health will complement the behavioral health capabilities currently available to BCBSLA members. Purchaser is a wholly owned subsidiary of Elevance Health.

The future benefits of the Proposed Reorganization include: (1) BCBSLA would have the financial resources to improve the performance of its existing business, develop new business opportunities and enhance its competitive position in the health benefits industry by becoming part of Elevance Health, a company with more than \$100 billion in market capitalization and one of the most diversified asset portfolios in the entire industry; (2) as part of Elevance Health, BCBSLA could in the future better improve service to customers and grant members the ability to utilize tools already available to customers of Elevance Health and its affiliates. These tools enhance the availability of health care services and allow members to better manage their own health. Such tools include Elevance Health's digital platforms and products which give members 24-hour digital support and includes text and video visits with integrated health care providers, integrated pharmacy support, at-home diagnostics solutions, and care navigation. BCBSLA anticipates gaining access to Elevance Health's services and capabilities in as little as two years, services and capabilities that it otherwise could not develop on its

own over the span of a ten-year period; (3) Elevance Health’s scores for quality outcomes for patients are higher than BCBSLA’s, as measured by nationally recognized standards; (4) with more than 47 million members, Elevance Health can reduce increases in administrative costs for BCBSLA and its customers more than if BCBSLA remained independent; (5) Elevance Health has developed a portfolio of whole health solutions, and capabilities through investments of over \$4 billion in recent years. This portfolio provides solutions for a variety of member needs, including condition-specific needs regarding diabetes, cancer, heart conditions, and several others. Having condition-specific solutions that complement the care delivered by health care providers enables members to focus on what will improve their health and lives; (6) increasingly, health care is being delivered digitally and outside of the traditional physician’s office when appropriate, especially in rural parts of Louisiana where health care services can be located hours away from a member’s home or work. Elevance Health’s digital platforms and health care delivery assets dramatically improve access via mobile devices, internet, and phone at the convenience of members; (7) these whole health capabilities have shown success in improving the health of Elevance Health’s members. Elevance Health has recently developed a ‘whole health index’, a dynamic model to better understand the drivers of health and measure the impacts of its various solutions on health outcomes in a community. This index also helps identify the most promising future opportunities to improve the health of members and their communities; (8) in total, access to these capabilities and services will allow BCBSLA to better improve the health of its members, and to better manage health care costs than if BCBSLA had remained independent; and (9) further, Elevance Health plans to invest annually over \$1 billion in maintaining, enhancing and expanding these capabilities – capabilities that BCBSLA strives to bring to members, but that to date have been challenging.

**Q18. Who is the Foundation?**

A18. It is The Accelerate Louisiana Initiative, Inc., a newly formed nonprofit non-stock corporation organized to work to improve the health and lives of the people of the State of Louisiana which has qualified as a Code Section 501(c)(4) social welfare organization. The Foundation was originally formed in the State of Delaware and redomiciled to the State of Louisiana on November 30, 2023. It is anticipated that if certain conditions are satisfied, as outlined further below (See “*The Foundation & the Trust*” on page 35), the Foundation would donate or contribute the funds it receives in connection with the Proposed Reorganization to a newly established special charitable trust (as referred to herein, the “**Trust**”), which would have the same purpose of improving the health and lives of the people of the State of Louisiana. In the event that the conditions are not satisfied, the Foundation would retain the funds consistent with its purpose and intends to requalify as an organization exempt under Code Section 501(c)(3). See “*The Foundation & the Trust*” on page 35.

**Q19. Are there any conditions to the distribution of Eligible Member Payment?**

A19. **Yes.** The obligation to pay the Eligible Member Payment depends on:

- the approval and completion of the Proposed Reorganization according to the Acquisition Agreement, Plan of Reorganization and the Louisiana Demutualization Law;
- the approval of Elevance Health’s indirect acquisition of BCBSLA by the Commissioner; and
- the satisfaction or waiver of the other conditions that must be met as required in the Acquisition Agreement and the closing of the transactions in the Acquisition Agreement.

**Q20. When do you expect the Proposed Reorganization to be completed?**

A20. The Proposed Reorganization will be completed when the conditions of the Acquisition Agreement described in Annex B hereto are met or waived and the transactions under the Acquisition Agreement are completed. It is currently anticipated that the Proposed Reorganization will be completed in the first quarter of 2024. However, there is no assurance that the Proposed Reorganization will be completed.

**Q21. What happens if the Commissioner requests modifications to the Plan of Reorganization after the Public Hearing?**

A21. If the Commissioner requests modifications to the Plan of Reorganization, BCBSLA’s Board may be required to approve an amended Plan of Reorganization by at least two-thirds of the Board, unless the Acquisition Agreement is terminated under the relevant provisions in the Acquisition Agreement (as described in more detail in the summary of the material terms of the Plan of Reorganization and Acquisition Agreement attached as Annex B hereto).

**Q22. What happens if the Proposed Reorganization is not completed?**

A22. If the Proposed Reorganization is not completed, BCBSLA will not convert to a stock insurance company and will remain an independent mutual insurance company. If BCBSLA remains an independent mutual insurance company, the Eligible Member Payment will not be paid.

In addition, BCBSLA may have to pay Elevance Health a termination fee of \$75,000,000 if the Proposed Reorganization is terminated under certain circumstances including:

- the Board amends, withdraws or modifies the Board Recommendation;
- the Board takes action to pursue an Alternative Transaction, or does not confirm the Board Recommendation after BCBSLA receives a proposed Alternative Transaction;

- BCBSLA terminates the Acquisition Agreement before the Voting Members vote on the Proposed Reorganization in order to enter into an agreement for an Alternative Transaction that is a Superior Proposal; or
- Elevance Health terminates the Acquisition Agreement before the Voting Members approve the Proposed Reorganization at the Special Meeting (as scheduled or adjourned for no more than 30 days), and an Alternative Transaction has been publicly proposed and not withdrawn before the Special Meeting and BCBSLA agrees to or closes such Alternative Transaction within 12 months of the termination of the Acquisition Agreement.

**Q23. What will happen to the Board of BCBSLA as a result of the Proposed Reorganization?**

A23. In considering the Board Recommendation that Voting Members vote to approve the Plan of Reorganization, you should be aware that BCBSLA’s Board and executive officers have interests in the Proposed Reorganization that are in addition to the interests of members.

As is typical in change of control transactions such as the series of transactions contemplated by the Plan of Reorganization, all of the current directors on the Board, except for the President and Chief Executive Officer of BCBSLA (who is also a member of the Board), will resign immediately prior to the Closing. Under Louisiana law, the President of BCBSLA must remain a director on the BCBSLA Board.

Certain of the resigning directors are currently directors of the Foundation or will become directors of the Foundation at or prior to the Closing, and such directors will continue as directors of the Foundation following the Closing (and if applicable, trustees of the Trust - See *“The Foundation & the Trust”* on page 35).

Other resigning directors of the BCBSLA Board will become members of the Advisory Board (as defined in the Acquisition Agreement) of BCBSLA effective as of the Closing.

Except for service in the capacities described above, no director of BCBSLA will receive any fee, commission, or other valuable consideration, other than his or her usual regular salary, compensation and benefits, that depends on the Plan of Reorganization becoming approved or completed or is based upon aiding, promoting, or assisting in the approval or completion of the Plan of Reorganization.

It is anticipated that compensation for members of the Advisory Board and directors of the Foundation will be no greater than what they receive today as members of the BCBSLA Board, and in many cases it will be less than the current compensation they receive.

If the transactions contemplated by the Plan of Reorganization are not completed, the directors on the Board will continue to receive the compensation and benefits that they

currently receive as directors on the Board. The Advisory Board's charter provides that a member of the Advisory Board will be deemed removed from the Advisory Board at the expiration of the term during which such member attains the age of 75.

In addition, as allowed by Louisiana law, Purchaser shall, and shall require BCBSLA and each BCBSLA Subsidiary to, indemnify, defend and hold harmless the Indemnified Parties against all claims in which an Indemnified Party is, or is threatened to be made, a party or witness in whole or in part on or arising in whole or in part out of the fact that such person is or was a director, officer, manager, employee or holder of an equity interest of BCBSLA or a BCBSLA Subsidiary, if such claim pertains to any matter of fact arising, existing or occurring at or before the Closing, regardless of whether such claim is asserted or claimed before, or after, the Closing, to the fullest extent BCBSLA is permitted under applicable law and consistent with BCBSLA's or any BCBSLA Subsidiary's organizational documents as in effect as of the date of the Acquisition Agreement.

At the Closing, Purchaser shall, or shall require BCBSLA to, obtain, maintain in effect for a period of six years thereafter, and fully pay for irrevocable "tail" directors' and officers' liability insurance policies naming all Persons who are covered on the date of the Acquisition Agreement by the Company Entities' existing policies as direct beneficiaries. The directors' and officers' liability insurance will be in an amount and scope that, in total, is at least as beneficial as the Company Entities' existing policies covering matters existing or occurring at or prior to the Closing Date.

**Q24. Will any officers of BCBSLA receive any compensation in connection with, or on an accelerated basis due to, the Proposed Reorganization?**

A24. Certain officers and key employees of BCBSLA have previously entered into, or are expected to enter into, employment, retention, and/or severance agreements that provide for compensation and other terms of employment.

As is typical in change of control transactions such as the transactions contemplated by the Plan of Reorganization, certain employment and retention agreements provide for payment of retention bonuses that become payable based on continued employment in good standing through specific dates, and certain of those retention bonuses will become payable in connection with, or payable early due to, the Closing.

Certain employment and severance agreements provide for severance pay and benefits in the event of a qualifying termination of employment and include enhanced severance pay and benefits if such termination occurs during a specified period following the Closing.

Except as described above, no officer, agent, or employee of BCBSLA will receive any fee, commission, or other valuable consideration, other than their usual regular salary and compensation that is contingent upon the Plan of Reorganization becoming approved or completed or is based upon aiding, promoting, or assisting in the approval or completion of the Plan of Reorganization.

If the transactions required by the Plan of Reorganization are not completed, certain officers and key employees of BCBSLA will continue to receive retention bonuses and other compensation under agreements or arrangements made with BCBSLA according to the dates and on the terms set forth in those agreements, and severance pay and benefits without an enhancement as described above in the event of a qualifying termination.

If the Plan of Reorganization is approved and the transactions required by the Plan of Reorganization are completed, certain officers and key employees of BCBSLA will receive retention bonuses that may become payable early due to the Closing (as described above) and may receive enhanced severance pay and benefits (as described above) in the event of a qualifying termination.

### ***Voting on the Plan of Reorganization***

#### **Q25. What is the Plan of Reorganization?**

A25. The Plan of Reorganization is the document that details the terms and conditions of the Proposed Reorganization. It identifies who is an Eligible Member and a Voting Member and it establishes how the Eligible Member Payment is to be paid to the Eligible Members for the extinguishment of their Membership Interests in BCBSLA. The Plan of Reorganization also includes, among other items, the proposed Amended and Restated Articles of Incorporation and proposed Amended and Restated Bylaws, which will become effective upon completion of the Proposed Reorganization.

#### **Q26. Has the Board approved the Plan of Reorganization?**

A26. **Yes.** The Board, after careful deliberation, approved the Plan of Reorganization effective as of the Adoption Date. In addition, the Board approved (1) the Amendment No. 1 to the Plan of Reorganization effective as of July 18, 2023, to reflect, among other things, the increase in the Eligible Member Payment as discussed in more detail above, (2) the Amendment No. 2 to the Plan of Reorganization effective as of August 23, 2023, to provide for the new Record Date for the Special Meeting, (3) the Amendment No. 3 to the Plan of Reorganization effective as of December 12, 2023, to provide for the potential establishment of a newly established special charitable trust, as described below in “*The Foundation & the Trust*” (page 35), and (4) the Amendment No. 4 to the Plan of Reorganization effective as of January 11, 2024, to make certain clarifying changes and updates.

#### **Q27. Who can vote on the Plan of Reorganization?**

A27. If you were a Policyholder on the Record Date, you are a Voting Member and are entitled to vote on the Plan of Reorganization. Voting Members will be allowed to vote at the Special Meeting in person or by special ballot or special proxy.

#### **Q28. How many votes are needed to approve the Plan of Reorganization?**

A28. In order for the Plan of Reorganization to become effective, the Louisiana Demutualization Law requires that it be approved by at least two-thirds of Voting Members actually present or represented at the Special Meeting by special proxy or special ballot. See “*Eligibility to Vote*” on page 38.

**Q29. What are Voting Members voting on?**

A29. Voting Members are voting to approve or disapprove the Plan of Reorganization.

**Q30. What should Voting Members do now?**

A30. Voting Members may attend the Special Meeting to vote in person, or grant their special proxy with instructions on how to vote using the instructions on the enclosed proxy form by telephone or internet or by completing and returning the enclosed proxy form in the accompanying postage prepaid reply envelope. Please note that the submission of your proxy online, by mail or by phone must be received no later than 11:59 p.m. Central Time on February 19, 2024, to be counted for purposes of the Special Meeting.

The Board recommends that you vote **FOR** approval of the Plan of Reorganization. The Board has disclosed its conflict of interest of a financial interest in the Plan of Reorganization.

**Q31. Can a Voting Member revoke a proxy?**

A31. **Yes.** A Voting Member can revoke a proxy at the Special Meeting or before the Special Meeting by contacting MacKenzie Partners, Inc. at 1 (800) 356-8906 or via email at [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com) or by attending the Special Meeting in person and revoking a previously furnished proxy.

**Q32. What do I do if I have questions about the Plan of Reorganization or voting process or want additional copies of this Member Information Statement, enclosed proxy or voting instructions?**

A32. If you have any questions regarding the Plan of Reorganization or the voting process, or if you need additional copies of this Member Information Statement or the enclosed proxy or voting instructions, please contact MacKenzie Partners, Inc. at 1 (800) 356-8906 or via email at [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com).

**Q33. What do I do if I hold multiple Policies with BCBSLA?**

A33. If you hold multiple In Force Policies with BCBSLA, you will only receive one copy of this Member Information Statement and enclosed proxy form. Your vote or the proxy you grant pursuant to the enclosed proxy form will cover all such In Force Policies you may hold with BCBSLA. You will receive a separate share of the total Eligible Member Payment for each Eligible Policy you hold. If you have any questions or need assistance with respect to multiple Eligible Policies you may own, please contact MacKenzie Partners, Inc. at 1 (800) 356-8906 or via email at [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com).



***Risks and Uncertainties Associated with the Plan of Reorganization***

**Q34. Are there any risks with respect to the Plan of Reorganization?**

A34. There are risks with respect to the Plan of Reorganization. The risks are discussed in “*Certain Risks and Considerations Relating to the Proposed Reorganization*” on page 43. The Board considered the benefits of the Plan of Reorganization as well as the risks and approved the Plan of Reorganization and the Proposed Reorganization.

**Q35. What impact will the Proposed Reorganization have on providers?**

A35. Elevance Health does not plan to make changes to existing BCBSLA provider networks. BCBSLA’s and its Subsidiaries’ current provider networks will remain intact following the Closing and the contractual relationships with providers will not be impacted as provider contracts are between the respective providers and the relevant BCBSLA entity. Louisianans will maintain access to their local healthcare providers and gain the support of a national network and benefits.

Elevance Health also has no intention of reducing provider reimbursements, nor would such reductions be in line with its strategic needs, as multiple large national insurance companies compete for companies’ business and many customers prefer to have broad networks and choices. BCBSLA has a long tradition of partnering with the provider community to ensure that patients receive the right care at the right time, and the Proposed Reorganization will not change that.

Elevance Health intends to become the partner of choice for providers by providing service differentiation, and its provider satisfaction scores are a testament to this commitment. Elevance Health will give providers the tools and technology to allow them to better perform their jobs and focus on providing high quality care at a low cost.

Additionally, Elevance Health intends to invest in provider partnerships and assets in Louisiana, and to support independent primary care and further enable BCBSLA’s existing provider MSO strategy, and help independent primary care providers maintain their independence (when they choose to do so).

***The Regulatory Approval Process, including the Plan of Reorganization Public Hearing***

**Q36. What regulatory approvals are required in connection with the Plan of Reorganization?**

A36. The Plan of Reorganization has been filed with and requires the approval of the Commissioner. Additionally, Elevance Health has filed a Proposed Acquisition of Control Statement on Form A with the Department, which will be subject to a separate hearing in the future. In addition, the Plan of Reorganization must receive approval or

have the applicable waiting period expire pursuant to applicable Antitrust Laws prior to Closing.

**Q37. What is the Plan of Reorganization Public Hearing?**

A37. The Commissioner is required by law to hold a public hearing on the Plan of Reorganization. You may attend this hearing and participate pursuant to any procedures set forth by the Commissioner. The public hearing on the Plan of Reorganization will be held by the Department, beginning at 10:00 a.m., Central Time, on February 14 and 15, 2024. Information regarding the public hearing on the Plan of Reorganization was provided to Voting Members in a Notice of Public Hearing separately mailed to you by BCBSLA on or before January 19, 2024. Further information related to the public hearing will be available on the Department's website at <https://www.lidi.la.gov/public-hearing-and-rulemaking-notice>.

**Q38. What are the standards that the Commissioner needs to find have been met to approve the Plan of Reorganization?**

A38. Pursuant to Louisiana law (LSA-R.S. § 22:236.4), the Commissioner needs to find that:

- the Plan of Reorganization properly protects the interests of Policyholders and members;
- the Plan of Reorganization serves the best interests of Policyholders and members; and
- the Plan of Reorganization is fair and equitable to Policyholders and members.

**Q39. Why was the Special Meeting rescheduled?**

A39. The Special Meeting was rescheduled to February 21, 2024, because the Louisiana Demutualization Law requires that the Special Meeting to approve the Plan of Reorganization be held after the Public Hearing on the Plan of Reorganization. Because the Public Hearing dates were rescheduled to February 14 and 15, 2024, the Special Meeting was rescheduled to a date following the Public Hearing.

**Q40. What do I do if I have previously granted my proxy on the Plan of Reorganization?**

A40: Please note that any proxy previously granted (whether online, by mail or by phone) will be disregarded for purposes of the Special Meeting. Therefore, if you have previously granted your proxy (whether online, by mail or by phone), and you wish to grant your proxy at the Special Meeting, you must grant your proxy again on the proposed Plan of Reorganization using the instructions on your enclosed proxy form, so that we can maintain an accurate and current list of proxies granted for the Special Meeting.

**Q41: If I have received this Member Information Statement and am entitled to vote at the Special Meeting, does that mean I am entitled to a share of the Eligible Member Payment if the transaction closes?**

A41: Not necessarily. This is because in order to receive an allocable share of the Eligible Member Payment, you must be an Eligible Member, which means you must have held an In Force Policy as of the Adoption Date, which was January 23, 2023, and continue to hold such In Force Policy as of the effective date of the Reorganization. Accordingly, because the Record Date for determining the Voting Members was December 31, 2023, there may be some Voting Members who obtained an In Force Policy prior to or on the Record Date but after the Adoption Date (which would prevent them from qualifying as an Eligible Member), and there may also be some Voting Members whose In Force Policy was held as of the Adoption Date and the Record Date, but is no longer In Force as of the effective date of the Reorganization (which would prevent them from qualifying as an Eligible Member).

## SUMMARY FINANCIAL INFORMATION

A copy of the summary financial information for the years ended December 31, 2021, and 2022, and the quarter ended September 30, 2023, is attached as Annex A hereto. The summary financial information has been derived from the financial statements of BCBSLA prepared in conformity with statutory accounting principles prescribed or permitted by the Insurance Regulators consistently applied. See “*Available Information*” on page 48 and “*Incorporation of Certain Documents by Reference*” on page 49.

## THE PROPOSED REORGANIZATION

### Background of the Plan of Reorganization

#### *BCBSLA Background and Recent Developments*

Founded in New Orleans in 1934 as a charitable, nonprofit organization, BCBSLA today is a tax-paying not-for-profit mutual health insurer. BCBSLA is an independent licensee of the Blue Cross and Blue Shield Association, an association of independent health benefit plans. BCBSLA is committed to its mission to improve the health and lives of Louisianians. BCBSLA, including through its subsidiaries, covers 1.9 million members and offers a diverse product plan range to both individuals and businesses that include Preferred Provider Organization (“**PPO**”), Point of Service (“**POS**”), Health Maintenance Organization (“**HMO**”), select network, dental, vision, cancer and serious disease, Medicare Advantage, Medicare Supplement, and life insurance, among others. BCBSLA also acts as a third-party administrator for self-funded health plans established by employers and associates. BCBSLA operates only in Louisiana, while two of its subsidiaries operate in Arkansas and Mississippi.

BCBSLA invests both time and money in the health and wellbeing of Louisiana communities by supporting more than 200 charitable organizations through volunteer service, board participation, employee giving and focused grantmaking. BCBSLA’s commitment to corporate citizenship has been recognized for the past five years by Points of Light. BCBSLA was named in 2019, 2020, 2021, 2022, and 2023 as an honoree of the Civic 50, a list of the 50 most community-minded companies in the United States.

BCBSLA is dedicated to transforming the health care industry in Louisiana into one that delivers high-quality health outcomes for its customers, with top-notch service at more affordable costs. BCBSLA’s reputation for exceptional service and prompt payments, as well as the hard work of its 200 plus in-house doctors, nurses, pharmacists, social workers and dietitians, keeps both customer and provider satisfaction high.

BCBSLA is consistently honored as a “Best Place to Work” and recognized for its wellness initiatives, excellence in customer service, superior digital design and content, advertising and public relations excellence and support for diversity, including employee and supplier diversity. BCBSLA was honored with the large business 2019 Diversity Star Award by the Baton Rouge Area Chamber.

BCBSLA has proudly managed to improve the health and lives of Louisianians while being a good steward of its finances. Despite the challenges over the last few years, BCBSLA navigated through the COVID-19 pandemic and all its uncertainty and continues through the ongoing economic fallout and related inflation caused by the COVID-19 pandemic. During this timeframe, BCBSLA fully integrated with Vantage Holdings, Inc., and its health plans, including expansion of its health plans into Mississippi and Arkansas. The Medicaid partnership with Healthy Blue, jointly owned with Elevance Health, has recorded the most growth of any of the Managed Medicaid Plans in the state of Louisiana.

In addition to these major strategic successes, BCBSLA continued to record positive gains from operations and membership growth. BCBSLA currently serves approximately 1.9 million

members, and is well-capitalized with reserves of approximately \$1.8 billion, with risk-based capital that is over four times the amount required by the Department. In January 2023, Standard and Poor's gave BCBSLA its 26<sup>th</sup> consecutive "A" rating. Being well-capitalized has allowed BCBSLA to react quickly and impactfully to the numerous catastrophes over the last few years, including hurricanes, floods and the COVID-19 pandemic. BCBSLA continues to perform well in all quality metrics scoring well above average annually on the Member Touch Point Measure program of the Blue Cross and Blue Shield Association. It is the goal of BCBSLA's management to continue to execute on BCBSLA's mission to improve the health and lives of Louisianans while achieving its long term financial and operational goals.

BCBSLA believes that the Proposed Reorganization is consistent with the mission set forth in its charter, which includes, among other things, the promotion of the welfare of Policyholders and members and the general public by (i) entering into and issuing contracts for health care services and health, accident and life insurance, (ii) responding to community needs of the people of the State of Louisiana, (iii) driving leadership to influence the efficient and innovative delivery of quality health care services, (iv) implementing measures designed to control the cost of health care services delivery and (v) protecting the best interests of Policyholders and members with regard to matters relating to all kinds of insurance authorized by law in BCBSLA's area of operation.

### ***Elevance Health Background***

The following section contains a summary of the background of Elevance Health that has been prepared based on information contained in the public filings referenced below. More detailed information regarding Elevance Health and its subsidiaries is included in its Securities and Exchange Commission ("**SEC**") reports and the above discussion is qualified by reference to the financial information included in such reports. Elevance Health files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document Elevance Health files at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain additional information about the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including Elevance Health. Elevance Health also publishes its public SEC filings as soon as reasonably practicable after the report is electronically filed with, or furnished to, the SEC. These SEC filings can be found on the Elevance Health website ([www.elevancehealth.com](http://www.elevancehealth.com)). The information contained at the Elevance Health website is not incorporated by reference in this Information Statement, and you should not consider it a part of this Information Statement.

Elevance Health, through its subsidiaries, is a health benefits company in the United States serving more than 48 million medical members through its affiliated health plans as of December 31, 2022. Elevance Health is an independent licensee of the Blue Cross and Blue Shield Association and serves its members as the Blue Cross and/or Blue Shield licensee for all or portions of fourteen states: California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (in the New York City metropolitan area and upstate New York), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin. In a majority of these service

areas, Elevance Health's affiliated health plans do business as Anthem Blue Cross, Anthem Blue Cross and Blue Shield, and Empire Blue Cross Blue Shield or Empire Blue Cross. Elevance Health, through its subsidiaries, also serves customers in numerous states and Puerto Rico as AIM Specialty Health, Amerigroup, Aspire Health, Beacon, Carelon, CareMore, Freedom Health, HealthLink, HealthSun, MMM, Optimum HealthCare, Simply Healthcare, Unicare and/or WellPoint. Elevance Health also provides pharmacy benefits management services through its subsidiary, CarelonRx. Elevance Health is licensed to conduct insurance operations in all 50 states, the District of Columbia and Puerto Rico through its subsidiaries.

Elevance Health believes in working together to achieve its mission of improving lives and communities, simplifying health care and expecting more. As Elevance Health seeks to accomplish these goals through a collaborative focus on execution and delivering for those it serves, Elevance Health's vision is to be a lifetime, trusted health partner. With an unyielding commitment to meeting the needs of its diverse customers, Elevance Health is guided by the following values: leadership, community, integrity, agility and diversity. In pursuing its strategy and becoming a lifetime, trusted health partner, Elevance Health intends to transform health care by taking a whole health approach and providing trusted and caring solutions, delivering quality products and services that give customers access to the care they need and removing barriers to health.

Elevance Health offers a broad spectrum of network-based, managed care, risk-based plans to individual, group, Medicaid and Medicare markets. In addition, Elevance Health provides a broad array of managed care services to fee-based customers, including claims processing, stop loss insurance, provider network access, medical management, care management and wellness programs, actuarial services and other administrative services. Elevance Health also provides services to the federal government in connection with its Federal Health Products & Services business, which administers the Federal Employees Health Benefits Program. Elevance Health provides an array of specialty services to its subsidiary health plans and also unaffiliated health plans, including pharmacy benefit management services and dental, vision, life, disability and supplemental health insurance benefits, as well as integrated health services.

Advances in medical technology, increases in specialty drug costs, increases in hospital expenditures and other provider costs, the aging of the population, other demographic characteristics and the COVID-19 pandemic continue to contribute to rising health care costs. Elevance Health's managed care plans and products are designed to encourage providers and members to participate in quality, cost-effective health benefit programs by using the full range of its innovative medical management services, quality initiatives and financial incentives.

Elevance Health believes that health care is local and that it has the strong local presence required to understand and meet local customer needs with regard to any product they are enrolled in with Elevance Health. Further, Elevance Health believes it is well positioned to deliver what customers want: innovative, choice-based and affordable products; distinctive service; simplified transactions; and better access to information for quality care.

Elevance Health believes that its local presence, combined with its national expertise, creates opportunities for collaborative programs that reward physicians and hospitals for clinical quality and excellence. Elevance Health feels that its commitment to health improvement and care management provides added value to customers and health care professionals.

Elevance Health believes that practical and sustainable improvements in health care must focus on improving health care quality while managing costs for total affordability. Elevance Health has implemented initiatives driving payment innovation and partnering with providers to lower costs and improve the quality of health care for its members, and continues to develop new and innovative ways to effectively manage risk and engage its members.

In addition, Elevance Health continues to enhance interactions with customers, providers, brokers, agents, employees and other stakeholders through digital technology and improving internal operations. Elevance Health's approach includes not only sales and distribution of health benefits products through digital technology, but also implementing advanced capabilities that improve services benefiting customers, agents, brokers and providers while optimizing administrative costs. These enhancements can also help improve the quality, coordination and safety of health care through increased communications between patients and their physicians.

### ***Health Insurance and Health Care Industry Background and Recent Developments***

The health insurance and overall health care industry has seen significant shifts and evolution over the last several years. As the cost of health care continually rises faster than other components of the economy, health care companies are forced to find strategies that allow them to remain competitive. The most prevalent strategy across all health care companies (health insurers and health systems) to achieve cost savings for members and make health care more affordable is achieving sufficient growth opportunities across all operations. Another major strategy is the use of digital innovation and shifting care to the home. Introducing care at home and utilizing digital innovation is another approach to keep cost in check to address affordability. In the early days of this strategy, capital investment in capabilities is extensive and undercapitalized health care companies are at a disadvantage when they lack growth opportunities. The overall industry is moving fast to find the optimal point of growth, capabilities, and experience that positions them to be competitive and valued by their customers. This is likely to continue to take place over the next decade.

### ***Background of the BCBSLA and Elevance Health Transaction***

The Board and BCBSLA's senior management have met periodically and regularly to review and evaluate BCBSLA's long-term strategy and opportunities and options to protect and enhance value for all constituencies of BCBSLA, including its Policyholders, members, employees, agents, providers and the communities in which BCBSLA and its respective subsidiaries and affiliates operate. These reviews have included consideration of possible business combination strategies that may be available to BCBSLA. In addition to considering the BCBSLA and Elevance Health transaction, the Board considered a demutualization of BCBSLA on a stand-alone basis as well as the viability of remaining independent, with or without acquiring other businesses. At these meetings, the Board has regularly discussed and considered presentations from third-party consultants, financial advisors and legal counsel in which the advantages and disadvantages of various strategic alternatives were outlined. In addition to these periodic and regular reviews of BCBSLA's long-term strategy and opportunities and options, the Board regularly monitored recent and ongoing developments in the health insurance and health care industry. Consequently, when considering BCBSLA's long-term strategic opportunities and options, the Board was cognizant and took into consideration broader trends in the health insurance



and health care industry, including the challenges facing the health insurance and health care industry over the last decade.

During the course of calendar years 2021 and 2022, senior management and the Board, as part of the Board's ongoing and ordinary practice of reviewing and monitoring BCBSLA's strategy, and informed by developments in the health insurance and health care environment, discussed a number of factors impacting BCBSLA and its business, including: the highly competitive and increasingly complex environment in which BCBSLA operates, the associated competitive pressures from larger, more diversified insurers, the increasing costs of acquiring and maintaining capabilities and technology, the consolidation of BCBSLA insureds into better capitalized or more diversified entities and the resulting impact on BCBSLA, uncertainties inherent in the estimates of medical cost trends and associated reserves, increased costly regulatory requirements, senior management succession, the ability to retain and recruit employees, the ability to successfully execute on acquisitions and the inherent risks of acquisitions and entering into new segments. The Board also discussed strategic alternatives, which included the possibility of a sale transaction, a merger of mutual insurance companies, an affiliation with another insurance company, and remaining independent. As part of its consideration of BCBSLA's strategic alternatives, including a possible sale transaction, the Board preliminarily approved engaging McKinsey & Company ("**McKinsey**"), a global management consulting firm to assess BCBSLA's strategic strengths and weaknesses, and to provide detailed, independent, third-party analysis regarding both the trends in the health insurance and health care industry and their likely effect on BCBSLA. McKinsey also assessed the strategic fit for BCBSLA of potential affiliations or partnerships with a wide range of other insurance companies.

The Board identified numerous factors that were considered in the evaluation of any organization that was potentially a party to a transaction or partnership proposal. These factors included:

- An organization with a strong, demonstrable focus on offering the best outcomes for Policyholders and members;
- An organization that has a strong focus on collaborative and progressive relationships with physicians and other providers;
- A demonstrable commitment to serving health care well into the future;
- A commitment to taking the best parts of both companies to create an organization that neither readily could have developed alone;
- Financial strength and stability;
- Long-term strategy and viability;
- Complementary geographic footprint;
- Product diversity;
- Ease of integration (effect and impact on operations, management and employees);
- Regulatory process and timing;
- Risk appetite;
- Underwriting, rate/pricing and claims handling philosophy;
- Commitment to innovation; and
- Potential transaction structure.

The Board, with the assistance of McKinsey, reviewed the strategic fit of possible strategic partners with the above factors in mind, and after preliminary discussions with multiple organizations concluded that aligning with either Elevance Health or another party (“**Party A**”) were the two best potential options to improve BCBSLA’s ability to meet its strategic objections.

The law firm of Morgan, Lewis & Bockius, LLP (“**Morgan Lewis**”) was retained to advise the Board and management on various matters related to potential transactions. Management presentations were scheduled with Elevance Health and Party A. The Board also engaged Cain Brothers, a Division of Keybank Capital Markets (“**Cain Brothers**”) and a nationally known and highly reputable investment bank with broad health care experience, as a financial advisor in the context of any transaction or partnership proposal.

Discussions and management meetings with each of Elevance Health and Party A were held in 2021. During these meetings, Elevance Health and Party A were informed that the Board had not yet determined to pursue a transaction and that the meetings were exploratory in nature. These meetings included Board members and members of the senior management team.

BCBSLA communicated bid instructions to Elevance Health and Party A. Initial indications of interest (“**Bids**”) were submitted by each of Elevance Health and Party A on November 26, 2021, and December 8, 2021, respectively. Each remained interested subject to diligence, including, among other things, confirmation of BCBSLA’s reserves.

The Board discussed factors that suggested that a transaction that combined BCBSLA with either Elevance Health or Party A would be in the best interests of the Policyholders and members, including, but not limited to, a changing medical provider and customer environment, the increased growth that is needed to provide for Policyholder and member needs and regulatory requirements, the need for financial strength and stability to weather cyclical changes in the health insurance and health care marketplace, improved financial and business strength and diversity that could be achieved by increased product diversity, the changing models of distribution and a concern that the current competitive strengths of BCBSLA could be eroded due to industry changes. The Board also concluded that staying as an independent company, although a viable option, would likely lead to BCBSLA becoming competitively weaker over time. Cain Brothers discussed potential next steps with the Board.

At the December 2021 Board meeting, Cain Brothers presented a preliminary view on valuation to the Board utilizing multiple industry standard valuation methodologies. Based on the Bids, the Board concluded that a sale of BCBSLA to Elevance Health was the superior option to a sale of BCBSLA to Party A, based on several factors: (1) it provided BCBSLA with greater financial strength than the proposal by Party A; (2) it provided BCBSLA access to a broader and more comprehensive set of capabilities and technology than what could be provided by Party A, at a lower cost and more quickly; and (3) the structure of the Proposed Reorganization with Elevance Health would create a new “game changing” nonprofit foundation (the Foundation) that would continue the historic mission of BCBSLA as set forth in its charter for generations (including responding to community needs of the people of Louisiana and driving leadership to influence the efficient and innovative delivery of quality health care services), while a potential reorganization with Party A would not provide this type of benefit for the people of Louisiana (specifically because the transaction proposed by Party A would not include the payment of any

financial consideration and thus would not provide for the funding of the Foundation nor would it involve payment of any consideration to Policyholders).

Following this conclusion, the Board instructed senior management to work with its outside advisors (including Chaffe and Deloitte, as further summarized in “Reports of Financial Advisors” below) to negotiate the definitive terms of a transaction with Elevance Health in which (1) the Foundation would be funded and become dedicated to improving the health and lives of the people of the State of Louisiana, (2) BCBSLA would convert from a mutual insurance company to a stock insurance company, and (3) BCBSLA’s newly created shares of capital stock would be issued to ATH Holding Company, LLC (“**Purchaser**”) (thereby making BCBSLA an indirect wholly owned subsidiary of Elevance Health), upon which each Eligible Member would be entitled to receive their share of the Eligible Member Payment on a fair and equitable basis. The Board determined that the creation and funding of the Foundation was justified based on applicable Louisiana law, the history and mission of BCBSLA as set forth in its charter, and its history of issuing insurance policies that are non-participating, pay no dividends and provide no rights to surplus, shares of stock or liquidation proceeds to Policyholders. Based on these factors the Board determined that it was reasonable, fair and appropriate to allocate a portion of the substantial value that would be achieved upon the completion of the Proposed Reorganization to the Foundation. The Foundation was formed on December 2, 2022, and its initial directors were C. Richard Atkins, D.D.S.; Thomas A. Barfield, Jr.; Jerome K. Greig and Charles Brent McCoy.

Throughout the latter part of 2021 and well into 2022, Elevance Health continued its diligence review, including meetings with senior management and Cain Brothers, and continued negotiations over the terms of a Proposed Reorganization. Updates were provided to the Board by senior management regarding the diligence process, timing and discussions with Elevance Health. Cain Brothers provided feedback on the methodologies used by Elevance Health to arrive at its Bid. Cain Brothers and senior management continued to engage in discussions and negotiations with Elevance Health to further improve their offer.

During the time period in which Elevance Health continued its due diligence process, senior management of BCBSLA and Cain Brothers engaged in multiple discussions regarding the purchase price. In March 2022, Cain Brothers and Elevance Health discussed a counter-proposal to the original proposal provided by Elevance Health to BCBSLA. In May 2022, Elevance Health shared its valuation methodologies with Cain Brothers which resulted in a subsequent call to discuss Elevance Health’s valuation methodologies.

Beginning in July 2022, the CEOs of BCBSLA and Elevance Health discussed the timing of a revised purchase price. On August 16, 2022, Elevance Health confirmed its original purchase price of \$2.4 billion prior to any excess capital distributions. Subsequent to Elevance Health’s confirmation of purchase price, BCBSLA and Cain Brothers continued to discuss an increase to the purchase price. In October 2022, Elevance Health increased its purchase price to \$2.5 billion prior to any excess capital distributions.

BCBSLA and Elevance Health and their respective advisors began drafting and negotiating the Acquisition Agreement and the Plan of Reorganization following lengthy and involved due diligence. The parties negotiated the definitive terms of the Acquisition Agreement and the Plan of Reorganization during March-December 2022. Cain Brothers delivered a fairness opinion to the

Board assessing Elevance Health’s revised Bid in December 2022 (the “**Cain Fairness Opinion**”), which Cain Fairness Opinion concluded that, as of the date of such opinion and subject to the terms and conditions set forth therein, the total consideration to be paid by Purchaser under the Acquisition Agreement is fair, from a financial point of view, to BCBSLA. BCBSLA agreed to pay Cain Brothers a reasonable customary fee and reimburse Cain Brothers for its expenses related to the Cain Fairness Opinion. BCBSLA also agreed to indemnify Cain Brothers for certain liabilities that may arise in connection with the rendering of the Cain Fairness Opinion.

At a meeting of the Board held on January 13, 2023, which meeting included numerous presentations from BCBSLA management and outside legal advisors and other consultants, the Board approved the Plan of Reorganization (with more than two-thirds of Board members voting to approve the Plan of Reorganization, consistent with applicable Louisiana law), including the terms of the Acquisition Agreement, with an effective date of January 23, 2023. The Board also approved the recommendation that the Voting Members vote to approve the Plan of Reorganization. On January 23, 2023, BCBSLA, Elevance Health, Purchaser and the Foundation entered into the Acquisition Agreement and publicly announced the Proposed Reorganization. On January 23, 2023, BCBSLA filed the Plan of Reorganization with the Department.

### **Reasons for the Proposed Reorganization and Considerations of the Board; Recommendation of the Board<sup>1</sup>**

The Board considered a number of factors relating to the Proposed Reorganization including the advantages and disadvantages. With regard to what the Board considered in terms of advantages and disadvantages, the Board primarily focused on two possible paths forward: (1) maintaining the current situation as an independent, single-state Blue Cross Blue Shield plan (without a demutualization and transaction with Elevance Health); and (2) pursuing a demutualization and transformative transaction with Elevance Health to become part of a larger Blue Cross Blue Shield organization.

As the Board thoroughly vetted the disadvantages of maintaining the current situation, the following issues were considered: (1) consolidation within the Blue Cross and Blue Shield system moving forward appears inevitable for multiple reasons, including the need for growth, efficiencies and access to capital to invest in new capabilities at an increasingly rapid pace to maintain a competitive market position against larger national insurers. These new capabilities include customer-facing and provider-facing digital capabilities, which are expensive to create, maintain and update, and additional capabilities to improve the health of members and to improve the affordability of health care; (2) the ability of BCBSLA to maintain competitive pricing (affordability) for its customers will be diminished over time without access to increased growth and to new capabilities, which requires access to capital; (3) the continued increase in the cost of administration and to maintain compliance federal and state regulations and requirements highlights the need for greater volumes to defray costs; and (4) the historical core market for BCBSLA, which is insured commercial business, is shrinking, while self-funded commercial business and government business (e.g., Medicare Advantage and Medicaid) are growing.

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<sup>1</sup> For more information on the advantages and potential disadvantages of the Proposed Reorganization, see Question and Answer Q/A7 and Q/A8, respectively, of the “*Questions and Answers About the Proposed Reorganization and the Vote*” section of this Member Information Statement on pages 8-9.

BCBSLA's historic strengths do not position it well for future success and growth and BCBSLA has already shown the need to enter into partnerships with other organizations to serve these growth market segments. However, the Board does not view these multiple partnership arrangements as sustainable for the long term.

Overall, the Board concluded that, while maintaining the current situation would provide the benefit of allowing BCBSLA to continue to be locally governed and managed, the potential disadvantages outweigh this benefit and would negatively impact policyholders, members and the communities in Louisiana that BCBSLA serves. Specifically, BCBSLA would not be able to invest enough to maintain industry-leading services and capabilities, compared to better-capitalized national competitors. Further, maintaining the current situation would ultimately result in a relative inability to manage rising health care costs and rising administrative costs, resulting in higher costs and premiums compared to its competitors. The tools and programs that health insurers have established to maintain affordable price points for customers are costly to create and maintain, adding to the need for significant long-term capital beyond what is needed as reserves against future claims. From the perspective of health care providers, maintaining the current situation could also result in providers working preferentially with national competitors who have greater ability to invest in innovative partnerships. This has already occurred in selective places in Louisiana and is likely to accelerate moving forward.

The Board carefully weighed the potential disadvantages of a demutualization and Proposed Reorganization with Elevance Health and considered the following: (1) the potential impact of conversion from a legal nonprofit mutual insurance company to a subsidiary of a publicly-traded for-profit company (BCBSLA is a nonprofit mutual from the perspective that it does not pay dividends, but it is not tax-exempt as it fully pays state and federal taxes); (2) certain decisions regarding BCBSLA's strategy and operations may no longer be made exclusively by a local, community board and a management team based solely in Louisiana; (3) local plan priorities could compete with national priorities of a larger, multi-state company; (4) the possible consolidation of some local operations into other out-of-state locations, with corresponding job loss; and (5) whether the culture of Elevance Health is consistent with the culture of BCBSLA.

After extensive review, senior management and the Board of BCBSLA determined that the long-term potential disadvantages of remaining independent far outweighed any limited potential disadvantages of the Proposed Reorganization. Moreover, the conclusion was that all Policyholders and members of BCBSLA, as well as the State of Louisiana as a whole, would be better off after the Proposed Reorganization in a number of ways.

These future benefits of the Proposed Reorganization include:

- (1) BCBSLA would have the financial resources to improve the performance of its existing business, develop new business opportunities and enhance its competitive position in the health benefits industry by becoming part of Elevance Health, a company with more than \$100 billion in market capitalization and one of the most diversified asset portfolios in the entire industry;
- (2) as part of Elevance Health, BCBSLA could in the future better improve service to customers and grant members the ability to utilize tools already available to customers of Elevance Health and its affiliates. These tools enhance the availability of health care services and allow members

to better manage their own health. Such tools include Elevance Health's digital platforms and products which give members 24-hour digital support and includes text and video visits with integrated health care providers, integrated pharmacy support, at-home diagnostics solutions, and care navigation. BCBSLA anticipates gaining access to Elevance Health's services and capabilities in as little as two years, services and capabilities that it otherwise could not develop on its own over the span of a ten-year period;

(3) Elevance Health's scores for quality outcomes for patients are higher than BCBSLA's, as measured by nationally recognized standards;

(4) with more than 47 million members, Elevance Health can reduce increases in administrative costs for BCBSLA and its customers more than if BCBSLA remained independent;

(5) Elevance Health has developed a portfolio of whole health solutions, and capabilities through investments of over \$4 billion in recent years. This portfolio provides solutions for a variety of member needs, including condition-specific needs regarding diabetes, cancer, heart conditions, and several others. Having condition-specific solutions that complement the care delivered by health care providers enables members to focus on what will improve their health and lives;

(6) increasingly, health care is being delivered digitally and outside of the traditional physician's office when appropriate, especially in rural parts of Louisiana where health care services can be located hours away from a member's home or work. Elevance Health's digital platforms and health care delivery assets dramatically improve access via mobile devices, internet, and phone at the convenience of members;

(7) these whole health capabilities have shown success in improving the health of Elevance Health's members. Elevance Health has recently developed a 'whole health index', a dynamic model to better understand the drivers of health and measure the impacts of its various solutions on health outcomes in a community. This index also helps identify the most promising future opportunities to improve the health of members and their communities;

(8) in total, access to these capabilities and services will allow BCBSLA to better improve the health of its members, and to better manage health care costs than if BCBSLA had remained independent;

(9) further, Elevance Health plans to invest annually over \$1 billion in maintaining, enhancing and expanding these capabilities – capabilities that BCBSLA strives to bring to members, but that to date have been challenging; and

(10) please see Section C of the "Affirmations" in the Summary of the Proposed Plan of Reorganization attached as Annex B for a description of whole health solutions that Elevance Health offers.

Certain members of the Board were designated and selected to serve on either the Advisory Board or as directors on the board of the Foundation prior to the Board's approval of the Proposed Reorganization, and it was determined that the employment of certain management-level employees of BCBSLA would continue unchanged following the completion of the Proposed Reorganization.

The purpose of the Advisory Board is generally to review and consult with BCBSLA and Elevance Health management regarding materials provided from time to time to the Advisory Board, including but not limited to,

- (1) strategic plans and other strategies relevant to BCBSLA,
- (2) financial performance,
- (3) operational performance reports
- (4) customer satisfaction reports,
- (5) provider satisfaction reports,
- (6) employee engagement satisfaction reports, and

(7) status reports on adherence to the commitments made by Elevance Health in the Acquisition Agreement and the information required for a Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer filed by Elevance Health, which commitments include the following: (i) the Board will appoint a local plan president subject to Elevance Health's approval; (ii) Elevance Health and Purchaser will maintain average total employment levels in Louisiana at or above current employment levels for two years, which shall include offering future employment opportunities for open positions at Elevance Health that can be based in Louisiana or fully remote, offering greater room for growth for BCBSLA's employees; (iii) Elevance Health and Purchaser will explore the establishment of a Center of Excellence (e.g., MSO, analytics) in Louisiana that serves Elevance Health corporate-wide and addresses local needs; (iv) Elevance Health and Purchaser will explore the development of specific whole health solutions in Louisiana (please see Section C of the "Affirmations" in the Summary of the Proposed Plan of Reorganization attached as Annex B for a description of whole health solutions that Elevance Health offers); (v) Elevance Health will establish (a) operational objectives and timelines that enable growth operations, increased competitiveness in Medicare Advantage and ASO and (b) a unique management structure, providing a strong local market with key leadership contacts to retain the competitive advantage it currently enjoys; and (vi) Elevance Health is committed to establishing the Advisory Board comprised of Louisiana residents and will provide BCBSLA with advice, support and insight on matters relating to BCBSLA's business and operations in Louisiana, including monitoring integration with Elevance Health and its enterprise-wide operations. The new Advisory Board to be formed is to provide BCBSLA and Elevance Health management with market information, stakeholder input and feedback (including from members/policyholders, providers, members of the community, public officials, etc.) and other information regarding the performance, market position, market perception, competitive landscape, community relations, government relations and other relevant matters affecting BCBSLA.

The Board also determined, in consultation with Chaffe and Deloitte, the most appropriate way to allocate the Eligible Member Payment among the Eligible Members consistent with applicable Louisiana law and the charter and historic mission of BCBSLA.

Based on the above factors, the Board and BCBSLA management believe that the Proposed Reorganization satisfies the requirements of La. R.S. 22:236.4 in properly protecting the interests

of Policyholders as such and as members, serves the best interests of Policyholders and members, and is fair and equitable to Policyholders and members. Furthermore, the Board has determined that the Proposed Reorganization is consistent with and satisfies the purpose and principles specifically identified in BCBSLA's charter "to promote the welfare of the members of the Corporation and the general public."

***The Board recommends that Voting Members vote FOR approval of the Plan of Reorganization. The Board has disclosed its conflict of interest of a financial interest in the Plan of Reorganization.***



## THE FOUNDATION & THE TRUST

### General

The Accelerate Louisiana Initiative, Inc. is a newly formed nonprofit non-stock corporation organized to work to improve the health and lives of the people of the State of Louisiana which has qualified as a Code Section 501(c)(4) social welfare organization. The Foundation was originally formed in the State of Delaware and redomiciled to the State of Louisiana on November 30, 2023. It is anticipated that if certain conditions are satisfied, as outlined further below, the Foundation would donate or contribute the funds it receives in connection with the Proposed Reorganization to a newly established special charitable trust (as referred to herein, the “**Trust**”). The Trust would have the same general purpose as the Foundation of improving the health and lives of the people of the State of Louisiana. The Trust would be established under the laws of the State of Louisiana and it is intended that the Trust will be exempt from federal income tax as an organization described in Section 501(c)(4) of the Code. The Trust concept was created to address concerns raised by various stakeholders.

### New Charitable Trust

As outlined above, the Trust would have the same general purpose as the Foundation of improving the health and lives of the people of the State of Louisiana. However, until the earlier of the initial twelve years of its existence or the achievement of certain milestones or criteria (to be established by the board of trustees of the Trust, after consultation with the Louisiana Department of Health and the Louisiana Department of Children & Family Services, and other such state departments as appropriate to properly develop milestones and criteria), the Trust would have primary areas of focus within that general purpose, which would be related to:

- helping move Louisianians from dependence to independence, with a priority of assisting individuals and families to move from depending on government programs to a life of independence through jobs, coaching, and assistance in the transition,
- improving health outcomes by addressing chronic illnesses, disabilities and health concerns through a focus on diabetes, maternal/infant health, and mental health,
- health care workforce development through programs designed to match the demand for the health care workforce in Louisiana while addressing the excess demand on training institutions and risk of out-of-state migration, which may include, without limitation, marrying training for Certified Nurse Assistants (CNAs) with high school curricula and graduation schedules to expedite the process of earning CNA qualifications, balancing the demand for nurses with the limited pipeline of nurses from Louisiana universities, creating more practical and flexible ways for nursing capacities to be increased, augmenting dedicated resources to attract high quality faculty to university nursing programs, and exploring ways to increase funding, commitment, and employment opportunities for in-state health care jobs, and
- optimizing government performance (in particular, state health care, workforce, and social service agencies), which may include, without limitation, providing expertise and structured training academies for senior level executives in specific state agencies,

providing bench training for the future leaders of Louisiana state government, providing technical resources to assist state agencies in integrating eligibility systems and modernizing customer-facing interfaces through mobile devices, and surfacing best practices and technical assistance to supercharge agency performance and program optimization.

For each of the Priority Areas outlined above, the Trust may allocate a relatively small portion of its resources to innovation, research and development, and pilot programs designed to improve the health, health outcomes, and social determinants of health in Louisiana. Other than Pennington Biomedical Research Center, educational institutions and institutions of higher education shall not be eligible to receive these resources. The Trust would comply with the restrictions that apply to public charities described in Code Section 501(c)(3) with respect to influencing legislation and participating in political campaign activity.

The board of trustees of the Trust would consist of nine to eleven members, which would include the existing four board members of the Foundation (C. Richard Atkins, D.D.S., Thomas A. Barfield, Jr., Jerome K. Greig and Charles Brent McCoy), one member selected by the Governor of the State of Louisiana (which will not be an employee or official of the government of the State of Louisiana unless the Trustees consent to the appointment of such individual), and the remaining board members would be selected by the then current members of the board of trustees (i.e. self-perpetuating board members). It is also expected that the Commissioner would be offered an observer role on the board of the Trust (which would be a non-voting and non-compensated position).

It is expected that new legislation in the State of Louisiana will be needed to create this special charitable trust, as existing laws in Louisiana do not provide sufficient flexibility for a private charitable trust of this magnitude to operate in a commercially reasonable manner. In particular, including that existing trust law does not allow for sufficient delegation of organizational management to traditional governance structures such as committees, executives, and employees, nor does it provide for market-standard indemnification of board-level leadership, which are crucial to recruiting appropriate personnel to the organization in trustee and management roles.

It is further expected that if the Closing occurs, the Foundation would retain as a custodian the funds it receives in connection with the Plan of Reorganization until the date that is 12 months from the Closing (the “**Expiration Date**”). During that period, the Foundation will not make any grants and will only deploy funds for the purposes of recruiting staff, initiating start-up operations, and paying for applicable taxes and other expenses. It is expected that during this 12-month period, the conditions below will be satisfied; however, if they are not satisfied, then the Foundation will seek to convert from an organization exempt under Code Section 501(c)(4) to an organization exempt under Code Section 501(c)(3), and upon such conversion, the Foundation would be free to operate in accordance with its organizational documents. If the conditions are satisfied by the Expiration Date, the Foundation would donate or contribute to the Trust all of the funds it has received in connection with the Plan of Reorganization (less any amounts paid as required by applicable law for taxes or otherwise paid pursuant to the Acquisition Agreement or as operating expenses).

## **Conditions related to funding of the New Charitable Trust**

The obligation of the Foundation to donate to the Trust the funds it has received in connection with the Plan of Reorganization (less any amounts paid as required by applicable law for taxes or otherwise paid pursuant to the Acquisition Agreement or as operating expenses) shall be subject to the following conditions: (a) the Trust will adopt and have in place a trust agreement and bylaws containing the material terms and conditions that are summarized below under “Summary of Material Terms of Trust”; (b) the initial Board of Trustees of the Trust will include those individuals identified above, and the remaining trustees will be selected as described above; (c) the Trust will have received an affirmative determination from the U.S. Internal Revenue Service (the “**IRS**”) of the Trust’s status as exempt from federal income tax under Code Section 501(c)(4); (d) the Trust will have agreed to assume all debts and liabilities of the Foundation; and (e) new legislation will be enacted and in force in the State of Louisiana (“**Proposed Legislation**”) that is in substantial conformance with the summary set forth below under “Proposed Legislation.”

As referenced above, in the event that each of the above conditions are not satisfied by the Expiration Date, the Foundation will be free to retain the funds and deploy them in accordance with its organizational documents and will be obligated to seek to convert from an organization exempt under Code Section 501(c)(4) to an organization exempt under Code Section 501(c)(3), and to take such other actions as shall be necessary and advisable to achieve said result, as soon as reasonably practicable following the Expiration Date.

## **Summary of Material Terms of Trust**

The Trust will be organized and operated exclusively for the social welfare purpose of improving the health and lives of the people of Louisiana. The Trust will provide for the composition of the Board of Trustees of the Trust as outlined above. The Trust will also be prohibited from the amendment of certain provisions regarding government oversight and the purpose and disposition of the assets of the Trust without the consent of a court of competent jurisdiction.

## **Proposed Legislation**

The Proposed Legislation, as enacted, must provide for delegation of authority of the Board of Trustees of the Trust to officers, employees, and agents, the indemnification of trustees, officers, agents and third parties, limitations on the liabilities of trustees, officers, and agents, and the assumption of liabilities in connection with or related to donations or contributions, in each case in a manner that is no less than the corresponding standards under Louisiana law for nonprofit corporations. The Proposed Legislation, as enacted, must also permit the trust instrument to be amended by the trustees without court involvement, except certain provisions regarding government oversight and the purpose and disposition of the assets of the Trust. In addition, the Proposed Legislation, as enacted, must not (i) change the purpose of the Trust, (ii) require amounts be paid to specific recipients or causes or (iii) change the board of trustees of the Trust. Finally, no amendments to the Proposed Legislation that are enacted that materially alter the terms above would be allowable.

## ELIGIBILITY TO VOTE

### General

In general, policyholders of a mutual insurance company with policies that are in force as of a particular record date have membership interests that give such policyholders the right to vote on various matters, including certain extraordinary transactions such as conversions. The rules described below explain who is entitled to vote on the Plan of Reorganization and receive payment pursuant to the Proposed Reorganization.

Membership Interests are derived from being a Policyholder. In order for you to be entitled to vote on the Plan of Reorganization (i.e., be a “**Voting Member**”), you must have been a Policyholder of an In Force Policy as of the Record Date.

### Voting

In accordance with applicable Louisiana law (LSA-R.S. § 22:236.5(A)), Voting Members shall be entitled to vote on proposals to adopt and approve the Plan of Reorganization. To become effective, the Plan of Reorganization must be approved by at least two-thirds vote of Voting Members actually present or represented at the Special Meeting by special ballot or by special proxy.

In accordance with LSA-R.S. § 22:236.5(D), a quorum for the Special Meeting consists of the Voting Members present or represented at the Special Meeting by special ballot or by special proxy.

The Plan of Reorganization by its terms, including the Amended and Restated Articles of Incorporation and Amended and Restated Bylaws, if adopted, will be effective only upon the Reorganization Effective Date. If the Commissioner does not approve the Plan of Reorganization or requires modifications to the Plan of Reorganization following the Public Hearing, the date of the Special Meeting may change to a later date or be extinguished.

**Voting Members may use the PROXY FORM enclosed in this package. Voting Members may vote in person or by proxy.**

Please note that any proxy previously granted (whether online, by mail or by phone) will be disregarded for purposes of the rescheduled Special Meeting. Voting Members’ proxy forms should be returned by using the internet or phone in accordance with the instructions on the proxy form or by mail to Blue Cross Blue Shield of Louisiana c/o First Coast Results, PO Box 3672, Ponte Vedra Beach, FL 32004-9911 by 11:59 p.m., Central Time, on February 19, 2024. A postage prepaid envelope preprinted with the above address is enclosed for your use. Voting Members may also deliver their proxy forms to us at any time prior to the Special Meeting. If you need instructions regarding voting by proxy, please call MacKenzie Partners, Inc. toll-free at 1 (800) 356-8906 from 8:00 a.m. to 5:00 p.m., Central Time, Monday through Friday.

Your proxy form is to be marked with a vote of either “FOR” approval of the Plan of Reorganization or “AGAINST” approval of the Plan of Reorganization.

**The Board voted to adopt the Plan of Reorganization and found the Plan of Reorganization to be in the best interests of Policyholders. *The Board recommends that Voting Members vote FOR approval of the Plan of Reorganization.*** The Board has disclosed its conflict of interest of a financial interest in the Plan of Reorganization.

## REPORTS OF FINANCIAL ADVISORS

In reaching its decision to adopt the Plan of Reorganization and recommend its approval by the Policyholders at the Special Meeting, the Board considered, among other things, whether: (i) the total consideration that Elevance Health would pay in connection with the Proposed Reorganization is fair; (ii) the allocation of total consideration between the Foundation and the Eligible Members was fair; and (iii) the allocation of consideration among the Eligible Members was fair. In reaching its conclusions, the Board carefully selected and retained expert financial advisors to assist in its evaluation. Below is a summary of the fairness opinions and each respective financial advisors work in determining the allocation of the Eligible Member Payment.

### **Fairness Opinion of Chaffe & Associates, Inc.**

BCBSLA, with the assistance of Chaffe and other advisors retained in connection with the Proposed Reorganization, structured the Proposed Reorganization to provide that consideration paid to the Eligible Members for the extinguishment of their Membership Interests as of the Reorganization Effective Date is fair to the Eligible Members, as a group, from a financial point of view, as provided for in the Plan of Reorganization. In that regard, the Board received a written fairness opinion from Chaffe (the “**Chaffe Fairness Opinion**”) confirming, subject to the limitations and qualifications in such opinion, that the method for the payment of consideration to the Eligible Members upon the extinguishment of their Membership Interests under the Plan of Reorganization is fair to the Eligible Members, as a group, from a financial point of view consistent with Louisiana law (LSA-R.S. § 22:236.3(A)).

The Chaffe Fairness Opinion was rendered based upon Chaffe’s review of the draft Acquisition Agreement, draft Plan of Reorganization, BCBSLA’s then-effective articles of incorporation and then-effective bylaws, and other documents and records deemed material and relevant by Chaffe in connection with its rendering of the Chaffe Fairness Opinion.

In particular, the Chaffe Fairness Opinion noted that BCBSLA’s then-effective articles of incorporation grants BCBSLA members the right to vote, but provide that they shall receive no dividends, and are silent with regard to any right of BCBSLA members to participate in BCBSLA’s surplus or proceeds of liquidation. The Chaffe Fairness Opinion also noted that Chaffe, to the extent it deemed relevant in accordance with the standards of the investment banking industry, considered other factors in rendering its opinion, including, without limitation, the rights associated with a membership interest in BCBSLA, which do not include a right to dividends or surplus.

The Chaffe Fairness Opinion included customary limitations, qualifications and assumptions appropriate for a transaction of this nature, and did not contain any opinion other than the opinion noted above, including that it did not opine with respect to such matters as (i) the value or range of values of BCBSLA, and the fairness from a financial point of view of such value, range of values, any point within such range, and the value of a member month; (ii) the total amount of consideration to be paid in the Proposed Reorganization or its fairness from a financial point of view; (iii) the accuracy or completeness of the information used by BCBSLA to compute the total member months of all members since BCBSLA’s formation and of the number of member months attributable to existing Eligible Members individually or as a group, and the accuracy of and

methodology underlying such calculations; (iv) the methodology and underlying assumptions for the allocation of consideration among Eligible Members; and (v) the decision by BCBSLA to employ the methodology stated in the Plan of Reorganization for the allocation of the transaction consideration to the Eligible Member group as compared to any other methodology.

Chaffe's compensation for the Chaffe Fairness Opinion is not dependent or contingent upon the completion of the Proposed Reorganization and is not related to or based upon the nature of the findings made therein. BCBSLA agreed to pay Chaffe a reasonable customary fee and reimburse Chaffe for its expenses related to the Chaffe Fairness Opinion. BCBSLA also agreed to indemnify Chaffe for certain liabilities that may arise in connection with the rendering of the Chaffe Fairness Opinion.

### **Actuarial Opinion of Deloitte Consulting LLP**

The Board received a written actuarial opinion (the "**Actuarial Opinion**") from Brian Collender of Deloitte Consulting, LLP ("**Deloitte**") consistent with Louisiana law (LASA-R.S. § 22:236.3(B)) as to the reasonableness and appropriateness of the methodology and underlying assumptions used to allocate the Eligible Member Payment among Eligible Members and stating that the resulting allocation is fair and equitable. The method or formula for allocating the Eligible Member Payment among the Eligible Members is to make a uniform payment of consideration, a "fixed component" under Louisiana law (LSA-R.S. § 22:236.3(B)(1)), to each Eligible Member in exchange for the extinguishment of all of their Membership Interests (including all voting rights included with the Membership Interests). In the event that an individual or entity is an Eligible Member pursuant to multiple In Force Policies, such Eligible Member shall receive the uniform payment of consideration for each In Force Policy. Each Eligible Member will be allocated a cash amount equal to a portion of the Eligible Member Payment (as described in more detail in the Plan of Reorganization), which such allocation has been determined as fair and equitable in the Actuarial Opinion.

The Actuarial Opinion was rendered based upon Deloitte's review of the draft Plan of Reorganization, BCBSLA's then-effective articles of incorporation and then-effective bylaws, sample BCBSLA member contracts and other documents and records deemed material and relevant by Deloitte in connection with its rendering of the Actuarial Opinion. The Actuarial Opinion noted that the Proposed Reorganization is unique in that none of BCBSLA's policies provide for dividends to be paid (i.e., none are participating insurance policies), in contrast to what is typically seen in mutual insurance companies. Furthermore, the Actuarial Opinion stated that BCBSLA determined that since all of its policies are non-participating, paying no dividends and providing no rights to surplus, shares of stock or liquidation proceeds, there is no variable component to the allocation of consideration among Eligible Members. Thus, BCBSLA determined that the allocation of consideration among Eligible Members should consist of only a fixed component on a per policy basis to compensate Eligible Members for the extinguishment of voting rights.

The Actuarial Opinion noted that practices commonly used by actuaries for the allocation of the fixed component of consideration compensate policyholders for the extinguishment of membership rights associated with owning an in-force policy (e.g. voting rights) and, as outlined in the Plan of Reorganization, BCBSLA's allocation method for the Proposed Reorganization

includes a fixed component to compensate policyholders for the extinguishment of voting rights, and that the same amount will be allocated to each Eligible Member for each available vote.

The Actuarial Opinion noted that Actuarial Standards of Practice (ASOP) No. 37 notes that in determining the reasonableness of the allocation, the actuary may consider the company's voting policy and that the actuary may determine that the fixed component can be allocated based on each eligible policy (regardless of the size of the policy) or each eligible policyholder (regardless of the number of policies or size of policies). The Actuarial Opinion concluded that the allocation methodology utilized by BCBSLA conforms to this guidance as the fixed component is allocated based on each policy that has a voting right.

The Actuarial Opinion also noted that under BCBSLA's methodology, there is no variable portion of consideration being allocated to Eligible Members, and that, according to the American Academy of Actuaries Practice Note titled, "Distribution of Policyholder Equity in a Demutualization," a variable portion is generally allocated to each holder of a policy that is participating on its face. The Actuarial Opinion went on to state that since BCBSLA's policies are all non-participating, it is reasonable that there is not a variable portion being allocated.

BCBSLA agreed to pay Deloitte a reasonable customary fee and reimburse Deloitte for its expenses related to the Actuarial Opinion. BCBSLA also agreed to indemnify Deloitte for certain liabilities that may arise in connection with the rendering of its Actuarial Opinion.

The Actuarial Opinion assessed only the allocation of consideration among Eligible Members and was not intended to offer comments or recommendations regarding the exact number of BCBSLA members eligible to receive a portion of the Eligible Member Payment, the form of the consideration to be distributed to Eligible Members, nor the proposed methodology for valuation of the total Eligible Member Payment to be distributed, including any calculations or components related to the development of the total consideration amount. Additionally, the Actuarial Opinion was rendered from an actuarial perspective only and provided no recommendation with regard to whether or not Voting Members should vote to approve the Plan of Reorganization. The Actuarial Opinion contained no analysis of the adequacy of policy reserves, future policy benefits, other policyholder funds or any other related actuarial financial statement items, all of which were outside of the scope of the opinion.



## **CERTAIN RISKS AND CONSIDERATIONS RELATING TO THE PROPOSED REORGANIZATION**

*The Proposed Reorganization involves some potential risks. As set forth in the Plan of Reorganization filed with the Commissioner, BCBSLA did not identify any material risks resulting from the Proposed Reorganization. However, there are other considerations and consequences of the Proposed Reorganization.*

*You should consider carefully, in addition to the other information contained in the Member Information Statement (in particular, (1) the information in “Important Information”, (2) Answer 32 and (3) the advantages and disadvantages discussed in “Reasons for the Proposed Reorganization and Considerations of the Board; Recommendation of the Board” (pages 30-33)), the following factors before voting on the Proposed Reorganization.*

***As a consequence of the Proposed Reorganization, Policyholders of BCBSLA will lose their Membership Interests and control over BCBSLA will be exercised exclusively by Elevance Health.***

A mutual insurance company is generally operated for the benefit of its policyholders. The Proposed Reorganization will result in one shareholder, Purchaser (and, indirectly, Elevance Health), gaining control of BCBSLA. Shareholder interests in a converted BCBSLA might differ from the interests of Policyholders.

***BCBSLA’s management and Board may have interests in pursuing the Proposed Reorganization that are in addition to the Policyholders’ interests.***

BCBSLA’s Board and members of its management may have interests in the Proposed Reorganization that are in addition to the interests of members. Some of these interests are related to improving the communities at large that BCBSLA serves and ensuring that BCBSLA remains optimally competitive in the state’s insurance segment. For more information, see Question and Answer Q/A22, of the “*Questions and Answers About the Proposed Reorganization and the Vote*” section of this Member Information Statement on pages 14-15.

***BCBSLA could face adverse reactions to the Proposed Reorganization.***

Policyholders may respond negatively to the Proposed Reorganization by canceling or declining to renew Policies.

***BCBSLA, whether or not it converts to a stock insurance company, would remain subject to changes in state and/or federal law.***

Changes in law and regulations, or changes in interpretations thereof, could reduce BCBSLA’s profitability. Furthermore, such changes could have an adverse impact on the insurance business generally. No assurance can be given that any future legislative or regulatory developments would benefit, or would not harm, a converted BCBSLA. Similar risks exist for BCBSLA if it does not convert.

***The reserves of BCBSLA for future Policy benefits and claims could prove to be inadequate, whether or not it converts to a stock insurance company.***

BCBSLA maintains reserves so it can cover expenses associated with unknown future risks. Example of such risks include hurricanes and the recent COVID-19 pandemic. While the transaction will result in BCBSLA having lower reserves than it does today (with the majority of the reserves going to the Foundation (or the Trust, as applicable)), it would still have at least 2.5 times the required regulatory minimum risk based capital amount. Further, the financial strength of the Elevance Health organization is substantially greater than BCBSLA on its own today. In the event that additional capital is needed to strengthen the solvency of BCBSLA in the future, Elevance Health maintains cash and/or investments that can be contributed to its subsidiaries if necessary.

***Litigation and regulatory investigations may adversely affect BCBSLA.***

BCBSLA faces risks of litigation, regulatory investigations, and enforcement actions in connection with BCBSLA's activities as an insurer, employer, investor and taxpayer, as well as in connection with the Proposed Reorganization. These types of lawsuits and regulatory actions may be difficult to assess or quantify and may seek recovery of very large or indeterminate amounts, including punitive or other special damages. The existence and magnitude of these risks may remain unknown for substantial periods of time. A substantial legal liability or a significant regulatory action against BCBSLA could have a material adverse effect on BCBSLA. Except with respect to risks of litigation related to the Proposed Reorganization, the same risks exist for BCBSLA if it does not convert.

***Failure to complete the Proposed Reorganization could negatively impact the consideration, if any, Eligible Members might receive in a future demutualization, if any.***

If the Proposed Reorganization is not completed and the Board determines to seek another acquisition, affiliation or sponsored demutualization transaction, there can be no assurance that BCBSLA will be able to find an equivalent strategic acquirer or an acquirer willing to pay an equivalent or more attractive price than that which would be paid in the Proposed Reorganization.

***Indemnification obligations under the Acquisition Agreement.***

Under the Acquisition Agreement, the Foundation will be obligated to indemnify the Purchaser under certain circumstances, which could result in the Foundation being required to return certain amounts to the Purchaser. These indemnification obligations will not result in any decrease in or clawback of any Eligible Member Payment. These indemnification obligations would be assumed by the Trust, if applicable.

## U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax consequences of the receipt of their shares of the Eligible Member Payment pursuant to the Plan of Reorganization by Eligible Members who are U.S. Members (as defined below) and that hold their Membership Interests as capital assets within the meaning of Section 1221 of the Code. This summary is for general informational purposes only. It is not intended to be a complete discussion of all tax consequences that may be relevant to a particular Eligible Member. This summary does not address federal estate, gift, Medicare or alternative minimum tax consequences, or any state, local, or non-U.S. tax consequences of the Plan of Reorganization or any other transaction. This summary is not tax advice. Eligible Members should consult a tax advisor to determine how the Proposed Reorganization and other transactions described in the Member Information Statement will affect them in their particular circumstances, including how the application of federal estate, gift, Medicare or alternative minimum tax, and any state, local, and non-U.S. tax consequences of the transactions may affect them.

For purposes of this summary, the term “**U.S. Member**” means an Eligible Member who is, for U.S. federal income tax purposes:

- (i) an individual who is a citizen or resident of the United States; or
- (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia.

This summary is based on the provisions of the Code, U.S. Treasury regulations promulgated thereunder, judicial authorities, and administrative rulings, all of which are subject to change, possibly with retroactive effect. There can be no assurance that the IRS or a court will agree with the positions and U.S. federal income tax consequences described below. This summary does not apply to Eligible Members who may be subject to special treatment under U.S. federal income tax law (including, without limitation, insurance companies, retirement plans, certain former citizens or residents of the United States, partnerships or other pass-through entities, trusts, and tax-exempt organizations). This summary does not address the U.S. tax consequences of any Eligible Member who is not a U.S. Member, such as a non-resident alien individual, foreign corporation, foreign partnership, or foreign estate or trust. This summary assumes that each U.S. Member’s tax basis in his or her Membership Interest is zero. See “*Tax Basis in Membership Interests*” below for additional information.

### **Eligible Member Payment**

The receipt of a share of the Eligible Member Payment by a U.S. Member will be a taxable event for U.S. federal income tax purposes. In general, a U.S. Member should recognize capital gain in an amount equal to their share of the Eligible Member Payment. This capital gain will be long-term capital gain if the U.S. Member’s holding period in its extinguished Membership Interest exceeds one year. This period should include the period during which a U.S. Member holds his or her Membership Interest prior to the Proposed Reorganization. Long-term capital gains of non-corporate U.S. Members are eligible for reduced rates of taxation. Short-term capital gains are

subject to U.S. federal income tax at the same rates as ordinary income. Each U.S. Member should consult with such U.S. Member's tax advisor as to the proper treatment of such gain based on such U.S. Member's particular situation.

### **Tax Basis in Membership Interests**

In the case of the transfer of property, gain or loss generally is determined by subtracting the cost basis of the property from the amount of consideration realized from the transfer of the property. The legal precedents regarding whether a Policyholder has a tax basis in membership rights of a mutual company such as BCBSLA are complex and conflicting, and may depend upon the facts applicable to the particular situation. Nonetheless, in accordance with the historic position of the IRS, a U.S. Member will recognize gain in connection with the Proposed Reorganization equal to the full amount of their allocable share of the Eligible Member Payment received, because the basis of the property transferred by the U.S. Member in the Proposed Reorganization is derived by reference to such U.S. Member's basis in its Membership Interest, and the IRS's position has been that the basis of a membership right in a mutual company is zero. You should be aware, however, that in a 2008 decision affirmed on appeal, the U.S. Court of Federal Claims rejected the IRS's position, applying instead the "open transaction" doctrine to a taxpayer's receipt of consideration in a mutual company conversion transaction similar in certain respects to the Proposed Reorganization. The IRS continues to litigate this issue, however, and prevailed in a separate U.S. Court of Appeals case.

### **Withholding**

The Paying Agent will require that you submit a properly executed IRS Form W-9 (if you are a U.S. Member) certifying (i) your correct social security number or other applicable taxpayer identification number, and that (ii) (a) you are exempt from backup withholding, (b) you have not been notified by the Internal Revenue Service that you are subject to backup withholding, or (c) the Internal Revenue Service has notified you that you are no longer subject to backup withholding, and (iii) you are a "U.S. person" as defined in IRS Form W-9. Failure to provide such information would generally result in the Paying Agent's need to withhold on your receipt of your allocable share of the Eligible Member Payment at the applicable U.S. federal backup withholding statutory rate (currently, 24%). An IRS Form W-9 and associated instructions may be obtained from the IRS at its website: [www.irs.gov](http://www.irs.gov). Backup withholding is not an additional tax. Rather, the amount of the backup withholding may be credited against the U.S. federal income tax liability of the person subject to the backup withholding, provided that the required information is timely provided to the IRS. If backup withholding results in an overpayment of tax, a refund can be obtained by the Policyholder by timely providing the required information to the IRS.

If you are not a U.S. Member, the Paying Agent will require you to submit an appropriate and properly completed Form W-8BEN, W-8BEN-E, W-8ECI, W-8EXP or W-8IMY, as the case may be, signed under penalties of perjury attesting to your exempt (or reduced) withholding status for U.S. federal income tax purposes. Such forms and instructions may be obtained from the IRS at its website: [www.irs.gov](http://www.irs.gov). Failure to provide such information would generally result in the Paying Agent's need to withhold on your receipt of your allocable share of the Eligible

Member Payment (at the applicable withholding statutory rate (currently a maximum rate of 30%)).

## **AVAILABLE INFORMATION**

BCBSLA is subject to the laws and regulations of the State of Louisiana applicable to health and life insurance companies, and, as required by those laws, files financial reports and other information with the Department. Publicly available information regarding BCBSLA and relevant to the Plan of Reorganization can be inspected at BCBSLA's principal office, located at 5525 Reitz Avenue, Baton Rouge, Louisiana 70809, between 10:00 a.m. and 4:00 p.m., Central Time, Monday through Friday until February 20, 2024, except days on which BCBSLA is closed for business, by calling us toll-free at (225) 295-2294 from 9:00 a.m. to 4:00 p.m., Central Time, Monday through Friday to arrange an appointment. Certain information can also be requested from the Department pursuant to the Louisiana Public Records Law. For information and instructions regarding submitting such a request, please see the Department's website at [www.ldi.la.gov](http://www.ldi.la.gov).

## **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The financial statements of BCBSLA, prepared in conformity with statutory accounting principles prescribed or permitted by the Insurance Regulators consistently applied, for the years ended December 31, 2021, and December 31, 2022, and the quarter ended September 30, 2023, which have been filed with the Department, are incorporated by reference into this Member Information Statement. Copies of these documents and all other documents referred to in this Member Information Statement can be inspected by Voting Members at BCBSLA's principal office, 5525 Reitz Avenue, Baton Rouge, Louisiana 70809, between 10:00 a.m. and 4:00 p.m., Central Time, Monday through Friday until February 20, 2024, except days on which BCBSLA is closed for business, by calling us toll-free at (225) 295-2294 from 9:00 a.m. to 4:00 p.m., Central Time, Monday through Friday to arrange an appointment.

Statements contained in this Member Information Statement and in documents summarized or incorporated by reference into this Member Information Statement regarding the contents of any other document are not necessarily complete. In each instance where reference is made to the Plan of Reorganization, the Acquisition Agreement or to any public or other document, each such statement is qualified in all respects by the more complete information contained in the referenced document. For the purposes of this Member Information Statement, each of the documents referred to in this Member Information Statement is deemed incorporated by reference in its entirety.

## **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

This Member Information Statement contains information that is forward-looking. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from the forward-looking statements. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “will,” “continue,” “project,” and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. These risks and uncertainties include:

- the inability to consummate the Plan of Reorganization (including obtaining necessary regulatory and Voting Member approval and satisfaction or waiver of the other conditions to the closing of the Acquisition) and to realize the benefits of the Plan of Reorganization;
- the impact on BCBSLA of a failure to complete the transactions contemplated by the Plan of Reorganization;
- the validity of assumptions and methodologies used by management in analyzing the Proposed Reorganization and in predicting BCBSLA’s further capital and liquidity needs and the inability to predict with certainty any future scenarios. Simplified, liquidity means the ability for an insurance company to pay its policyholders’ claims;
- changes in law and accounting principles;
- changes in general economic conditions, including the impact of inflation or deflation and unemployment;
- risks arising from BCBSLA’s investment strategy, including risks related to the market value of investments, fluctuations in interest rates and our need for liquidity;
- developments in financial markets that could affect BCBSLA’s investment portfolio;
- the competitive environment in which BCBSLA operates and associated pricing and other pressures;
- changes in the availability, cost, quality or collectability of insurance/reinsurance;
- consolidation of BCBSLA’s members into or under better capitalized or more diversified entities which may be insured by competitors, or may not have a risk profile that BCBSLA’s our underwriting criteria or which may not use external providers for insuring or otherwise managing substantial portions of their liability risk;
- uncertainties inherent in the estimate of BCBSLA’s loss and loss adjustment expense reserve and reinsurance recoverables;



- changes to the ratings assigned by rating agencies;
- changes in BCBSLA's organization, compensation and benefit plans;
- the ability to retain and recruit senior management;
- loss of the services of any of BCBSLA's key employees;
- BCBSLA's ability to achieve continued growth through expansion into new segments or through acquisitions or business combinations;
- expected benefits from completed and proposed acquisitions may not be achieved or may be delayed longer than expected due to business disruption, loss of customers, employees or key agents, increased operating costs or inability to achieve cost savings, and assumption of greater than expected liabilities, among other reasons;
- the results of litigation, including pre- or post-trial motions, trials and/or appeals BCBSLA may undertake;
- the availability, integrity and security of BCBSLA's technology infrastructure or that of third-party providers of technology infrastructure, including any susceptibility to cyber-attacks which might result in a loss of information or operating capability;
- the impact of a catastrophic event, as it relates to both BCBSLA's operations and insured risks;
- changes in the ability of the U.S. government to meet its obligations that may affect the U.S. economy and our business; and
- the impact of epidemics, pandemics, acts of terrorism and acts of war.

The effects of these factors are difficult to predict. New factors emerge from time to time and BCBSLA cannot assess the financial impact of any such factor on its business or the extent to which any factor or combination of factors may cause results to differ materially from those described in any forward-looking statement. Any forward-looking statement speaks only as of the date of this Member Information Statement and BCBSLA does not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of unanticipated events.

**ANNEX A**

**Summary Financial Information**

See attached.

Louisiana Health Service & Indemnity Company and Subsidiaries

Consolidated Statements of Operations  
(In Thousands)

	<b>Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue:		
Premiums:		
Local underwritten	<b>\$ 3,955,753</b>	\$ 3,721,218
Federal Employee Program	<b>502,217</b>	504,697
Claims processing fees earned	<b>198,741</b>	172,282
Patient services revenue	<b>47,028</b>	46,008
Investment (loss) income, net	<b>(123,579)</b>	112,020
Other	<b>3,280</b>	531
Total revenue	<b>4,583,440</b>	4,556,756
Expenses:		
Claims:		
Local underwritten	<b>3,252,324</b>	3,100,000
Federal Employee Program	<b>464,556</b>	468,465
Administrative expenses	<b>1,016,676</b>	837,274
Total expenses	<b>4,733,556</b>	4,405,739
(Loss) income before income taxes	<b>(150,116)</b>	151,017
Income tax (benefit) expense	<b>(11,417)</b>	49,995
Consolidated net (loss) income	<b>(138,699)</b>	101,022
Net loss attributable to noncontrolling interest	<b>(229)</b>	(2,646)
Net (loss) income attributable to Louisiana Health Service & Indemnity Company	<b>\$ (138,470)</b>	\$ 103,668

Louisiana Health Service & Indemnity Company and Subsidiaries

Consolidated Statements of Operations  
(In Thousands)

	<b>Year to Date September 30, 2023</b>
Revenue:	
Premiums:	
Local underwritten	\$3,144,408
Federal Employee Program	415,668
Claims processing fees earned	153,489
Patient service revenue	39,660
Investment income, net	81,688
Other	9,264
Total revenue	<u>3,844,177</u>
Expenses:	
Claims:	
Local underwritten	2,619,895
Federal Employee Program	385,006
Administrative expenses	713,366
Total expenses	<u>3,718,267</u>
Income before income taxes	125,910
Income tax expense	40,467
Consolidated net income	<u>\$85,443</u>

**ANNEX B**

**Summary of Plan of Reorganization and Acquisition Agreement**

**LOUISIANA HEALTH SERVICE & INDEMNITY COMPANY D/B/A  
BLUE CROSS AND BLUE SHIELD OF LOUISIANA**

*a mutual insurance company organized  
and existing under the laws of the State of Louisiana*

**SUMMARY OF PLAN OF REORGANIZATION  
REGARDING THE CONVERSION  
FROM A MUTUAL INSURANCE COMPANY  
TO A STOCK INSURANCE COMPANY**

**under LSA-R.S. §§ 22:72 and 22:236 *et seq.***

**Proposed and adopted by the Board of Directors of  
Louisiana Health Service & Indemnity Company d/b/a  
Blue Cross and Blue Shield of Louisiana on  
January 23, 2023**

**and amended by that Amendment No. 1 effective as of  
July 18, 2023, that Amendment No. 2 effective as of August 23, 2023, that Amendment No.  
3 effective as of December 12, 2023 and that Amendment No. 4 effective as of January 11,  
2024**

***Explanatory Note:** This document is a summary of the material terms and conditions of the Plan of Reorganization Regarding the Conversion from a Mutual Insurance Company to a Stock Insurance Company that was approved and adopted by the Board of Directors of Louisiana Health Service & Indemnity Company d/b/a Blue Cross and Blue Shield of Louisiana, a mutual insurance company organized and existing under the laws of the State of Louisiana, on January 23, 2023 and amended by that Amendment No. 1 effective as of July 18, 2023, that Amendment No. 2 effective as of August 23, 2023, that Amendment No. 3 effective as of December 12, 2023 and that Amendment No. 4 effective as of January 11, 2024.*

**LOUISIANA HEALTH SERVICE & INDEMNITY COMPANY  
D/B/A  
BLUE CROSS AND BLUE SHIELD OF LOUISIANA**

**SUMMARY OF PLAN OF REORGANIZATION REGARDING THE CONVERSION  
FROM A MUTUAL INSURANCE COMPANY TO A STOCK INSURANCE COMPANY**

The Plan of Reorganization Regarding the Conversion from a Mutual Insurance Company to a Stock Insurance Company (the “Plan”) has been adopted and is being proposed by the Board of Directors (the “Board”) of Louisiana Health Service & Indemnity Company d/b/a Blue Cross and Blue Shield of Louisiana, a mutual insurance company organized and existing under the laws of the State of Louisiana (“BCBSLA”), by resolutions of the Board duly adopted and effective as of January 23, 2023 (the “Adoption Date”). Capitalized terms used herein have the meanings set forth in Article XII. The Plan was amended upon approval by the Board by that Amendment No. 1 effective as of July 18, 2023, that Amendment No. 2 effective as of August 23, 2023, that Amendment No. 3 effective as of December 12, 2023 and that Amendment No. 4 effective as of January 11, 2024.

**Affirmations Related to the Proposed Reorganization**

A. The Plan provides for:

(1) the conversion/reorganization of BCBSLA from a mutual insurance company into a stock insurance company pursuant to Louisiana law (LSA-R.S. § 22:72, LSA-R.S. § 22:236 *et seq.* and the other applicable provisions of the Louisiana Insurance Code (such statutory provisions are referred to herein collectively as the “Louisiana Demutualization Law”));

(2) prior to the effectiveness of the Reorganization (as defined below) and in furtherance of the purposes and policies set forth in the currently existing Second Amended and Restated Articles of Incorporation of BCBSLA (the “Current Articles”) (including promoting the health and welfare of the constituencies to be served pursuant to such Current Articles), the contribution by BCBSLA of the Approved Excess Surplus to The Accelerate Louisiana Initiative, Inc., a newly formed nonprofit nonstock corporation organized to work to improve the health and lives of the people of the State of Louisiana which has qualified as a Code Section 501(c)(4) social welfare organization (the “Foundation”) and, in connection therewith, the issuance by BCBSLA of a funding agreement which requires the Foundation, subject to the satisfaction of certain conditions, to donate the amounts it receives pursuant to the Reorganization (less amounts for applicable taxes and expenses) to the Trust (as defined herein), as further provided for in Section 1.2 hereof;

(3) prior to the effectiveness of the Reorganization, and in furtherance of the purposes and policies set forth in the Current Articles (including promoting the health and welfare of the constituencies to be served pursuant to the Current Articles), the issuance by BCBSLA to the Foundation of a note payable (the “Note”).

The amount of the Note (the “Note Amount”) is equal to:

- \$2,500,000,000 minus
- the Eligible Member Payment plus
- A majority of BCBSLA’s surplus (not including any Approved Excess Surplus) in an amount to be determined prior to Closing, subject to adjustment for indebtedness and transaction expenses (which adjustments will be determined prior to Closing).

The Note shall be paid immediately following the closing of the transactions contemplated by the Acquisition Agreement (the “Closing”) in accordance with the terms of the Acquisition Agreement and the Plan;

(4) contemporaneously with the effectiveness of the Reorganization, the issuance of 100% of the shares of Common Stock to be issued pursuant to the Plan to ATH Holding Company, LLC, an Indiana limited liability company (“Purchaser”), which is a wholly owned subsidiary of Elevance Health, Inc., an Indiana corporation (“Elevance Health”), such that, following such issuance upon the effectiveness of the Reorganization, Purchaser shall directly own (and Elevance Health shall indirectly own) 100% of the issued and outstanding shares of Common Stock; and

(5) contemporaneously with the effectiveness of the Reorganization, the deposit by Purchaser with the Paying Agent (for distribution to the Eligible Members) of the Eligible Member Payment as consideration for the extinguishment of the Membership Interests of the Eligible Members;

in each case, in accordance with the Plan, the Acquisition Agreement and the Louisiana Demutualization Law, as applicable. The transactions set forth in clauses (1) through (5) above are collectively referred to herein as the “Proposed Reorganization” and, in the form approved by the Commissioner, the “Reorganization”.

B. The Board believes that the Proposed Reorganization will not, in any way, adversely impact policy premiums or health care benefits to Policyholders or members.

C. The Board believes that the Proposed Reorganization will provide BCBSLA with greater financial resources and flexibility. The Board believes that this financial flexibility will improve BCBSLA’s access to capital to permit BCBSLA to expand existing business, develop new business opportunities and enhance its competitive position in the health benefits industry through Elevance Health’s more than \$100 billion market capitalization and one of the most diversified asset portfolios in the entire industry. The Board believes that the Proposed Reorganization will permit BCBSLA to continue to improve service to customers and grant BCBSLA members in the future the ability to utilize tools already available to Elevance Health and its affiliates that will enhance the availability of health care services and benefits to members, including Elevance Health’s digital tools which give members 24-hour digital support and includes text and video visits with integrated health care providers, integrated pharmacy support, at-home diagnostics solutions, and care navigation. Elevance Health has developed a portfolio of whole health solutions, and capabilities with over \$4 billion in investments in recent years. This portfolio

provides solutions for a variety of member needs, including condition-specific needs regarding diabetes, cancer, heart conditions, and several others. Having condition-specific solutions that complement the care delivered by health care providers enables members to focus on what will improve their health and lives. Increasingly, health care is being delivered digitally and outside of the traditional physician's office when appropriate, especially in rural parts of Louisiana where health care services can be located hours away from a member's home or work. Elevance Health's digital platforms and health care delivery assets dramatically improve access via mobile devices, internet, and phone at the convenience of members. These whole health capabilities have shown success in improving Elevance Health members' health. Elevance Health has recently developed a 'whole health index', a dynamic model to better understand drivers of health and measure the impacts of its various solutions on health outcomes in a community. This index also helps identify the most promising future opportunities to improve the health of members and their communities. Further, Elevance Health plans to continually invest over \$1 billion annually in building new capabilities – capabilities that the Board desires to bring to BCBSLA members. Among the whole health solutions that Elevance Health offers are:

(1) Elevance Health's Cancer Care Navigator and Concierge Care solutions to support members with cancer, and their families, with personalized one-on-one support as they navigate the complex landscape of cancer care. Examples include connecting and aligning with the appropriate health care providers, matching with appropriate clinical trials, traveling to a center of excellence, and getting second opinions when needed. These solutions already serve members in Elevance Health's existing industries and ensure that Elevance Health members understand their options, get high quality care, and minimize unnecessary hospital visits.

(2) Personalized care programs for diabetes patients, including remote patient monitoring and artificial intelligence-powered coaching that recommends specific actions members can take to better manage their health. These solutions help diabetic members maintain the right nutrition and activity levels to proactively minimize any disease complications. As a testament to the effectiveness of these tools, Elevance Health's Medicare Advantage members have 19% lower A1C (blood sugar levels) compared to diabetic Medicare seniors nationally.

(3) Maternal health solutions focused on maternal morbidity and pre-natal and postpartum care, with a goal to reduce health disparities in Louisiana such as low birth weight and pre-term births, especially among Black women. Examples of whole health solutions include incentives for pregnant women for timely pre-natal visits, postpartum depression screening and follow-up, dedicated clinical liaisons who collaborate with health care providers and advocate for the right care for the member, and a comprehensive suite of digital tools to support future moms as they journey through their pregnancies. Together, these solutions for current Elevance Health members have helped reduce the number of pre-term births by 25% and decrease the number of low-birth weight babies by 26%, metrics in which Louisiana currently ranks 50th among all states.

(4) A full suite of industry-leading behavioral health services through a broad network of experts. Elevance Health is committed to bringing to BCBSLA members enhanced access to clinical mental health support, substance use disorder treatment, specialty programs for autism and depression, crisis programs, support for children in foster care, virtual counseling, 24-hour chat service and more. These services are integrated into medical product design. Through improved data and analytics capabilities, BCBSLA will be able to proactively identify members



at risk and in need of health interventions. The behavioral health capabilities of Elevance Health will complement the behavioral health capabilities currently available to BCBSLA members.

The Board, therefore, has determined that (1) the Plan properly protects and serves the best interests of all BCBSLA members, and is fair and equitable to all BCBSLA members, (2) there are no material risks associated with the Proposed Reorganization and (3) the financial condition of BCBSLA will not be diminished upon the effectiveness of the Proposed Reorganization.

D. The Board believes that the benefits of the Proposed Reorganization to Eligible Members and Voting Members are plentiful and that all BCBSLA members and covered persons, not just Eligible Members and Voting Members, will be able to access a portfolio of solutions and capabilities developed by Elevance Health and its affiliates, including its health care services organization, Carelon. As described in more detail above, these solutions have shown success in improving members' health while reducing costs and complexity. The Proposed Reorganization will result in the delivery of these more effective and efficient solutions, such as integrated pharmacy, care navigation, and member advocacy, which would help improve member health outcomes while working to lower the cost trend of care. The large and continual investment in expanding capabilities simultaneously improves member experience and reduces the inflationary rise in health care costs and health insurance premiums.

E. The Board has not identified any risks of the Proposed Reorganization that would outweigh the benefits described in clauses "C" and "D" above.

F. The Board believes that the expansion of capabilities and services to be made available to BCBSLA members and other covered persons as a result of the Proposed Reorganization will materially improve the member experience, including improving the likelihood that health coverage offered by BCBSLA after the effectiveness of the Proposed Reorganization will be more effective at improving the health and lives of BCBSLA members, which is the purpose of BCBSLA as espoused in the Current Articles. BCBSLA expects that the availability of certain capabilities can occur shortly after the effectiveness of the Proposed Reorganization, and will be followed in the medium or long term with additional improvements such as expanded care management programs and further integration of health care information, analytics and clinical insights to improve the health outcomes of BCBSLA members. In addition, there will be greater resources available to grow, refine and improve analytics following the effectiveness of the Proposed Reorganization. The Proposed Reorganization ultimately ensures that BCBSLA members receive more value for their premium dollars.

G. Following the effectiveness of the Proposed Reorganization, BCBSLA will be in a strong financial position as part of the well-capitalized Elevance Health holding company system. Further, BCBSLA will continue to exceed the minimum statutory requirements for capital and surplus and will maintain an authorized control level risk-based capital ratio of at least 375% immediately following the Reorganization.

**ARTICLE I.**  
**Manner of Reorganization**

The manner in which the Proposed Reorganization will occur, and the insurance and other companies that will result from or be directly affected by the Proposed Reorganization, are as follows:

Section 1.1. Reorganization to a Stock Insurance Company. In accordance with the Acquisition Agreement and the Louisiana Demutualization Law, BCBSLA will as of and following the Effective Date become a stock insurance company, organized and existing under the laws of the State of Louisiana. The Articles of Incorporation of BCBSLA, and Bylaws of BCBSLA, as amended and effective upon the Effective Date, will contain customary terms and conditions appropriate for a Louisiana stock insurance company. The transaction set forth in Affirmation A(1) of the Plan is intended to qualify as a tax-free reorganization described in Section 368 of the Internal Revenue Code of 1986, as amended (the “Code”).

Section 1.2. Establishment and Funding of the Foundation. The Foundation has been formed by BCBSLA in connection with the Proposed Reorganization. Prior to the effectiveness of the Reorganization, in furtherance of the purposes delineated in the Current Articles to work to improve the health and lives of the citizens of the State of Louisiana, and in accordance with the Louisiana Demutualization Law and subject to the approval of the Commissioner, and in exchange for the right to become a stock insurance company under the Louisiana Demutualization Law with the approval of the Commissioner, BCBSLA shall (a) pay or transfer the Approved Excess Surplus to the Foundation and (b) issue the Note to the Foundation. Immediately following the Closing which is the closing of the transaction contemplated by the Acquisition Agreement. Purchaser shall (i) contribute, or cause to be contributed, to BCBSLA an amount equal to the Note Amount, and (ii) cause BCBSLA to donate to the Foundation the Note Amount and thereby satisfy its obligations under the Note. In connection with the payment of the Note Amount and the payment or transfer of the Approved Excess Surplus to the Foundation, BCBSLA will issue a funding agreement which requires the Foundation, subject to the satisfaction of certain conditions, to donate the amount it receives in connection with the Proposed Reorganization (less amounts for applicable taxes and expenses) to a newly established special charitable trust (the “Trust”), which would be established under the laws of the State of Louisiana and would have the same purpose of improving the health and lives of the people of the State of Louisiana.

Section 1.3. Purchase and Sale of BCBSLA Shares. At the Closing, all of the shares of BCBSLA’s Common Stock will be issued to Purchaser such that, following the Effective Date, BCBSLA will be a direct wholly owned subsidiary of Purchaser and an indirect wholly owned subsidiary of Elevance Health (the “Acquisition”). Further, following the Effective Date, BCBSLA shall be a continuation of the existence of BCBSLA as it existed prior to the effectiveness of the Reorganization and shall be treated as such pursuant to the applicable provisions of the Louisiana Demutualization Law (including, LSA-R.S. § 22:236.9(A)).

(a) On the Effective Date, the Eligible Members will be entitled to receive the Eligible Member Payment as further described in Article V.

(b) The Reorganization will be completed through the following structure or series of transactions in the following order:

- (i) BCBSLA will reorganize, or convert, from a Louisiana mutual insurance company into a Louisiana stock insurance company and issue to Purchaser all of the shares of its Common Stock being issued.
- (ii) Purchaser shall pay to the Paying Agent, for distribution to the Eligible Members in full consideration for the extinguishment of their Membership Interests, the Eligible Member Payment, by wire transfer of immediately available funds to the account designated in the Paying Agent Agreement.
- (iii) The transaction set forth in Affirmation A(1) of the Plan is intended to qualify as a tax-free reorganization within the meaning of Section 368 of the Code.

(c) Common Stock. The Common Stock will not be registered under the Securities Act or applicable state securities laws (collectively, the “Securities Laws”), and Purchaser agrees not to sell, encumber or otherwise transfer shares of Common Stock unless (i) there is an effective registration statement under the Securities Laws covering the transaction, (ii) Purchaser receives an opinion of counsel satisfactory to Purchaser that such registration is not required under the Securities Laws, or (iii) Purchaser otherwise satisfies itself that registration is not required under the Securities Laws. Each certificate (if any) representing shares of Common Stock shall bear a legend substantially to the above effect. Neither BCBSLA nor Purchaser will have any obligation to provide a procedure for the disposition of shares of Common Stock, except as expressly stated in the Plan.

Section 1.4. Effectiveness of the Plan. The Plan and the amendment and restatement of the Current Articles contemplated by Section 1.1 (the “Articles Amendment”) will become effective upon the date and time of filing of appropriate Articles of Amendment by the Recorder of Mortgages for the Parish of East Baton Rouge, Louisiana, and a Certificate of Compliance with the Louisiana Department of Insurance as provided in the Louisiana Demutualization Law unless a later date and time are specified in the Articles Amendment, in which event the Plan and the Articles Amendment will become effective and take place at the later date and time (which shall not be later than the tenth day after the Articles Amendment is recorded in accordance with Louisiana law (LSA-R.S. § 22:236.8(C))). The effectiveness of the Plan is conditioned upon, among other things, (1) approval of the Plan by the Commissioner, (2) approval of the Plan by the Voting Members at the Special Meeting, as further described in Article X below, (3) approval of the Acquisition by the Commissioner, and (4) the satisfaction or waiver of the conditions set forth in Article VI of the Acquisition Agreement (a summary of which is set forth in Exhibit A).

Section 1.5. ERISA Plans; Tax-Qualified Policies.

(a) To the extent necessary, BCBSLA shall engage an independent fiduciary to (i) exercise the vote with respect to the Plan for any Eligible Members which are affiliates of

BCBSLA, and (ii) determine how to allocate any consideration received under the Plan with respect to any employee benefit welfare plan among plan participants and the sponsoring employer identified in proviso (i) herein.

(b) There are no Policies issued by BCBSLA that are part of tax-qualified retirement funding arrangements or individual retirement annuities described in Sections 401(a), 403(a), 403(b), 408 or 408A of the Code.

Section 1.6. Continuation of Corporate Existence. Upon BCBSLA's Reorganization from a mutual insurance company into a stock insurance company pursuant to the Plan, BCBSLA shall continue its corporate existence as a stock insurance company as provided by Louisiana law (LSA-R.S. § 22:236.9).

## **ARTICLE II.**

### **Extinguishment of Membership Interests**

All Membership Interests will be extinguished and will cease as of the Effective Date. The extinguishment of Membership Interests will occur by operation of law under the Louisiana Demutualization Law on the Effective Date. All other contractual rights and obligations under every Policy will continue in force under the terms of the Policy.

## **ARTICLE III.**

### **Distribution of Consideration**

The Eligible Members will, upon the extinguishment of their Membership Interests, become entitled to receive consideration equal to each Eligible Member's equitable share of the Eligible Member Payment as provided in Article V of the Plan.

## **ARTICLE IV.**

### **Determination of the Equitable Consideration for Extinguishment of Membership Interests**

BCBSLA has, with the assistance of its Qualified Investment Banker and other advisors retained in connection with the Proposed Reorganization, structured the Proposed Reorganization to provide that consideration paid to the Eligible Members for the extinguishment of the Membership Interests of the Eligible Members as of the Effective Date is fair to the Eligible Members, as a group, from a financial point of view, as provided in Article V. In that regard, the Board has received a written fairness opinion from the Qualified Investment Banker (the "Fairness Opinion") confirming, subject to the limitations and qualifications in such opinions (which opinions will be reaffirmed to the Board as of the Effective Date), that the method for the provision of total consideration to the Eligible Members upon the extinguishment of the Membership Interests under the Plan is fair to the Eligible Members, as a group, from a financial point of view consistent with Louisiana law (LSA-R.S. § 22:236.3(A)).

The Fairness Opinion was rendered based upon the Qualified Investment Banker's review of the draft Acquisition Agreement, draft Plan, BCBSLA's Current Articles and Current Bylaws, and other documents and records deemed material and relevant by the Qualified Investment Banker in connection with its rendering of the Fairness Opinion. In particular, the Fairness Opinion noted that BCBSLA's Current Articles grant Voting Members the right to vote, but provide that

they shall receive no dividends, and are silent with regard to any right of Voting Members to participate in BCBSLA’s surplus or proceeds of liquidation. The Fairness Opinion also noted that the Qualified Investment Banker, to the extent it deemed relevant in accordance with the standards of the investment banking industry, considered other factors in rendering its opinion, including without limitation the rights associated with a membership interest in BCBSLA, which do not include a right to dividends or surplus. The Fairness Opinion included customary limitations, qualifications and assumptions appropriate for a transaction of this nature, including a statement that the Qualified Investment Banker did not opine as to any values or range of values, the total consideration being distributed in the Reorganization or the rationale underlying the business decision to effect the Reorganization. The Qualified Investment Banker’s compensation for the Fairness Opinion is not dependent or contingent upon the completion of the Reorganization and is not related to or based upon the nature of the findings made therein. BCBSLA has agreed to pay the Qualified Investment Banker a customary fee and reimburse the Qualified Investment Banker for its expenses related to the Fairness Opinion. BCBSLA has also agreed to indemnify the Qualified Investment Banker for certain liabilities that may arise in connection with the rendering of the Fairness Opinion.

#### **ARTICLE V.**

##### **Form and Amount of Consideration to be Distributed**

The Board has received the Fairness Opinion confirming the fairness of the method for the provision of total consideration to the Eligible Members, as a group, from a financial point of view, consistent with Louisiana law (LSA-R.S. § 22:236.3(A)). The total consideration to be distributed to the Eligible Members in exchange for the extinguishment of their Membership Interests will be cash in an amount equal to approximately \$307,755,241, subject to adjustment in respect of the reconciliation of the member months in from the Adoption Date and through to the Closing Date and the methodology and conditions described below in this Article V (the “Eligible Member Payment”). The total value of the Eligible Member Payment was determined by tabulating the total number of months that an Eligible Member was covered by an insurance policy issued by BCBSLA (for group policyholders, the number of member months of employees), divided by the number of member months of all BCBSLA members and all members of BCBSLA’s subsidiaries since BCBSLA’s corporate formation in 1975. The tabulation does not take into account the member months attributable to self-insured customers, which currently constitute a majority of BCBSLA’s members and customers and related member months, and are a significant contributor to the value of BCBSLA. The exclusion of self-insured customer member months in the tabulation increases the value that is attributable to Eligible Members to the benefit of the Eligible Members (as compared to the value if the self-insured customer member months were included).

#### **ARTICLE VI.**

##### **Method or Formula for the Allocation of Consideration**

The Board has received a written actuarial opinion from the Actuary (the “Actuarial Opinion”) as to the reasonableness and appropriateness of the methodology or formula and underlying assumptions used to allocate the Eligible Member Payment among Eligible Members and stating that the resulting allocation is fair and equitable, consistent with Louisiana law (LSA-R.S. § 22:236.3(B)). The method or formula for allocating the Eligible Member Payment among the Eligible Members is to make a uniform payment of consideration, a fixed component under

Louisiana law (LSA-R.S. § 22:236.3(B)(1)), to each Eligible Member. In the event that an individual or entity is an Eligible Member pursuant to multiple Policies, such Eligible Member(s) shall receive the uniform payment of consideration for each In Force Policy. The payment of uniform, fixed consideration for each In Force Policy is fair and equitable because each In Force Policy furnishes an Eligible Member with a Membership Interest that is identical for each Eligible Member. Each Eligible Member will be allocated a cash amount equal to a portion of the Eligible Member Payment referred to in Article V, which such amount has been determined as reasonable and appropriate in the Actuarial Opinion.

The Actuarial Opinion was rendered based upon the Actuary's review of the draft Plan, BCBSLA's Current Articles and Current Bylaws, sample BCBSLA Policies and other documents and records deemed material and relevant by the Actuary. The Actuarial Opinion noted that the proposed Reorganization is unique in that none of BCBSLA's Policies provide for dividends to be paid (i.e., none are participating insurance policies), in contrast to what is typically seen in mutual insurance companies. Furthermore, the Actuarial Opinion stated that BCBSLA has determined that since all of its Policies are non-participating, paying no dividends and providing no rights to surplus, shares of stock or liquidation proceeds, there is no variable component to the allocation of consideration among Eligible Members. Thus, BCBSLA has determined that the allocation of consideration among Eligible Members should consist of only a fixed component on a per policy basis to compensate Eligible Members for the extinguishment of voting rights.

The Actuarial Opinion noted that Actuarial Standards of Practice (ASOP) No. 37 provides that in determining the reasonableness of the allocation, the actuary may consider the company's voting policy and that the actuary may determine that the fixed component can be allocated based on each eligible policy (regardless of the size of the policy) or each eligible policyholder (regardless of the number of policies or size of policies). The Actuarial Opinion concluded that the allocation methodology utilized by BCBSLA conforms to this guidance as the fixed component is allocated based on each Policy that has a voting right.

The Actuarial Opinion assessed only the allocation of consideration among Eligible Members and was not intended to offer comments or recommendations regarding the exact number of Voting Members eligible to receive a portion of the Eligible Member Payment, the form of the consideration to be distributed to Eligible Members, or the proposed methodology for valuation of the total Eligible Member Payment to be distributed, including any calculations or components related to the development of the total consideration amount.

#### **ARTICLE VII.** **BCBSLA Pays No Dividends**

The Current Articles prohibit the payment of dividends and since BCBSLA's incorporation, its articles of incorporation, as amended (and the articles of incorporation, as amended, of all relevant predecessors), have never included provisions providing for the payment of dividends. BCBSLA has no Policies that provide for the payment of dividends and, heretofore,

no dividends have been paid. Accordingly, no method or procedure need be established to provide for the determination and preservation of dividends.

**ARTICLE VIII.**  
**Address and Telephone Number of BCBSLA**

The address and telephone number of BCBSLA will be unchanged by the Proposed Reorganization, and each Member of BCBSLA will receive notification of such information along with a notice of hearing outlined in Section 9.2 and by Louisiana law (LSA-R.S. § 22:236.4).

**ARTICLE IX.**  
**Approval by the Commissioner**

Section 9.1. Commissioner’s Public Hearing on the Plan; Commissioner’s Order. The Plan and the Acquisition are subject to the approval of the Commissioner. The Commissioner will hold a public hearing on these matters pursuant to Louisiana law (LSA-R.S. § 22:236.4) (the “Public Hearing”). In addition to the Public Hearing and approval of the Plan under LSA-R.S. § 22:236.4, the Commissioner will also conduct a separate public hearing for approval of the change of control pursuant to LSA-R.S. § 22:691.4.

Section 9.2. Notice of Public Hearing. Written notice of the Public Hearing, in a form satisfactory to the Commissioner, will be mailed to Voting Members by first class mail at BCBSLA’s expense at least 30 days prior to the Public Hearing. Such notice will be mailed to the address of each Member of BCBSLA as such address is shown on BCBSLA’s records on the Record Date (or such other address as may be provided in writing to BCBSLA by the Member within a reasonable period of time prior to the mailing of the notice). Such notice of Public Hearing will include a brief statement of the subject of the Public Hearing, the date, time and location of the Public Hearing, and such additional information as the Commissioner may require.

Section 9.3. Findings Required for Approval. Pursuant to Louisiana law (LSA-R.S. § 22:236.4(B)), the Commissioner shall approve the Plan and the Proposed Reorganization if the Commissioner is satisfied, following the Public Hearing: (a) that the interests of the Eligible Members and the other members of BCBSLA are properly protected; (b) that the Plan serves the best interests of the Eligible Members and the other members of BCBSLA; and (c) that the Plan is fair and equitable to the Eligible Members and the other members of BCBSLA.

Section 9.4. Notice of Approval Order. In the event that the Commissioner approves the Plan and the Acquisition (such approval, the “Commissioner’s Order”), notice of the Commissioner’s Order will be mailed by first class mail following the issuance of the Commissioner’s Order to Voting Members. Such notice will be mailed to the address of each Member of BCBSLA as such address is shown on BCBSLA’s records on the Record Date (or such other address as may be provided in writing to BCBSLA by the Member within a reasonable period of time prior to the mailing of the notice).

**ARTICLE X.**  
**Approval by Voting Members**

**Section 10.1. Voting.**

(a) BCBSLA will hold a special meeting of Voting Members (the “Special Meeting”) within a time period that complies with Louisiana law (LSA-R.S. § 22:236.5), which shall occur after the Public Hearing. At the Special Meeting, the Voting Members will be entitled to vote in person or by proxy on the Plan. The Members eligible to vote at the Special Meeting (the “Voting Members”) will be the Members of BCBSLA entitled to vote as of the record date for the Special Meeting established by the Board pursuant to the Current Articles and currently effective Amended and Restated Bylaws of BCBSLA (the “Record Date”).

(b) The Plan shall be approved at the Special Meeting by a vote of not less than two-thirds of the Voting Members present or represented by special ballot or special proxy at the Special Meeting. The Voting Members will vote as a single class.

(c) A quorum for the Special Meeting shall consist of the Voting Members present or represented by special ballot or special proxy at the Special Meeting.

**Section 10.2. Notice of Special Meeting.**

(a) BCBSLA will mail or cause to be mailed notice of the Special Meeting by first class mail at BCBSLA’s expense to all of the Voting Members. The notice will comply with the Current Articles and Louisiana law (LSA-R.S. § 22:236.5) and set forth the date, time and place of the Special Meeting. Such notice will be mailed, at least 30 days prior to the Special Meeting, to the address of each Voting Member as it appears on the records of BCBSLA on the Record Date (or such other address as may be provided in writing to BCBSLA by the Voting Member within a reasonable period of time prior to the mailing of the notice). The notice will be in a form satisfactory to the Commissioner.

(b) Such notice of the Special Meeting will be accompanied by a proxy form and a copy or summary of the Plan as required by Louisiana law (LSA-R.S. § 22:236.5) and approved by the Commissioner.

**ARTICLE XI.**  
**Additional Provisions**

**Section 11.1. Policyholders.** The Policyholder of a Policy as of any date specified in the Plan will be determined by BCBSLA on the basis of BCBSLA’s records as of such date in accordance with the following provisions:

(a) The Policyholder of a Policy that is an individual insurance policy is the Person specified in such Policy as the policyholder, unless no policyholder is so specified, in which case the Policyholder will be deemed to be the Person that signed the application for the Policy or, in the case of applications made on behalf of minor children, the Person who signed the application.



(b) The Policyholder of a group insurance policy is the Person or Persons specified in such Policy as the policyholder unless no policyholder is so specified, in which case the Policyholder is the Person sponsoring the group health care benefits plan. For the avoidance of doubt, certificates or other evidences of insurance issued under a group Policy are not and shall not be treated as Policies.

(c) In no event may there be more than one Policyholder of a Policy, although more than one Person may be entitled to health benefits under a Policy.

(d) Self-funded or administrative services-only contracts are not contracts of insurance and do not create Membership Interests for the contract holders or participants of such groups.

(e) Except as otherwise set forth in this Section 11.1, the identity of the Policyholder is determined by BCBSLA without giving effect to any interest of any other Person in such Policy. For the avoidance of doubt, certificates or other evidences of insurance issued under a group policy are not and shall not be treated as Policies.

(f) In any situation not expressly covered by the above provisions of this Section 11.1, or as to which application of the above provisions is unclear, the Policyholder reflected on the records of BCBSLA and determined in good faith by BCBSLA, will be presumed to be the Policyholder for purposes of this Section 11.1, and, except for administrative errors, BCBSLA will not be required to examine or consider any other facts or circumstances.

(g) The mailing address of a Policyholder as of any date for purposes of the Plan will be the Policyholder's last known address as shown on the records of BCBSLA as of such date.

(h) Any dispute as to the identity of a Policyholder or the right to vote or receive consideration will be determined in accordance with the above and the relevant provisions of the Louisiana Demutualization Law, applicable provisions of the Louisiana Insurance Code or such other procedures as may be acceptable to the Commissioner.

Section 11.2. In Force. A Policy will be deemed to be in force ("In Force") as of any date if, as shown on BCBSLA's records on such date, the effective date of such Policy occurs on or prior to such date, and as of such date the required premium has been received by BCBSLA and such Policy, as shown on BCBSLA's records on such date, has not expired or otherwise been surrendered or terminated; provided that a Policy will be deemed to be In Force during any applicable grace period for non-payment of premiums as administered by BCBSLA; provided further however that for the avoidance of doubt such Policy will no longer be deemed to be In Force if such applicable grace period expires without the applicable premium having been paid.

(a) Any dispute as to whether a Policy is In Force will be resolved in accordance with the above or such other procedures as may be acceptable to the Commissioner.

Section 11.3. Confidentiality. BCBSLA will request the confidential treatment of documents in accordance with the Louisiana Insurance Code (Title 22) and the Louisiana Public Records Law (Title 44).

Section 11.4. Additional Acquisitions of Ownership. Except for the Acquisition, for five years following the Effective Date, no Person or Persons acting in concert (other than BCBSLA, Purchaser, any other company that is directly or indirectly wholly-owned by Elevance Health, or any employee benefit plans or trusts sponsored by BCBSLA, Purchaser or Elevance Health) may directly or indirectly acquire, or agree or offer to acquire, in any manner the beneficial ownership of five percent (5%) or more of the outstanding shares of any class of a voting security of BCBSLA or Purchaser, other than in compliance with Louisiana law (LSA-R.S. § 22:236.6 or any regulations promulgated thereunder).

Section 11.5. Director and Officer Compensation. As is typical in change of control transactions such as the series of transactions contemplated by the Plan of Reorganization, all of the current members of the BCBSLA Board, except for the President and Chief Executive Officer of BCBSLA (who is also a member of the BCBSLA Board), are expected to resign immediately prior to the Closing. Certain of the resigning directors (C. Richard Atkins, D.D.S., Thomas A. Barfield, Jr., Jerome K. Greig and Charles Brent McCoy) are currently directors of the Foundation or will become directors of the Foundation at or prior to the Closing, and such directors will continue as directors of the Foundation following the Closing. The Foundation has not yet determined the compensation structure for the members of its board of directors following the Closing and intends to engage a compensation consultant to advise the board of directors of the Foundation on this and other matters. It is intended that any compensation of members of the board of directors of the Foundation will comply with all provisions of applicable law, including any regulations promulgated thereunder applicable to organizations organized and operated for charitable purposes. Other resigning directors of the BCBSLA Board (Judy P. Miller, Stephanie A. Finley, Michael B. Bruno, Robert T. Lalka, J. Kevin McCotter, Thad Minaldi and Carl Luikart, M.D.) will become members of an advisory board to the BCBSLA Board (the “Advisory Board”) to become effective as of the Closing. The Advisory Board is to be comprised of Louisiana residents and provide the BCBSLA Board with advice, support and insight on matters relating to BCBSLA’s business and operations in Louisiana, including monitoring integration with Purchaser and its enterprise-wide operations. The members of the Advisory Board will receive compensation in an initial amount not in excess of the amount they currently receive as compensation for serving as members of the BCBSLA Board, which amounts may be adjusted during the term of the Advisory Board’s existence in accordance with the provisions of an agreed upon charter specifying the duration, governance and responsibilities of the Advisory Board. Except as described above, no director, officer, agent or employee of BCBSLA will receive any fee, commission, or other valuable consideration, other than his or her usual regular salary and compensation, that is contingent upon the Plan of Reorganization becoming approved or completed or is based upon aiding, promoting, or assisting in the approval or completion of the Plan of Reorganization. If the transactions contemplated by the Plan of Reorganization are not completed, the members of the BCBSLA Board will continue to receive the compensation and benefits that they currently receive as members of the BCBSLA Board. All directors of the Foundation will also become members of the board of trustees of the Trust pursuant to the organizational documents of the Trust.

Section 11.6. Amendment or Withdrawal of the Plan. The Plan may be amended or abandoned only as provided by the Louisiana Demutualization Law and by action of two-thirds of the members of the BCBSLA Board in accordance with the Acquisition Agreement. The Plan shall be promptly abandoned upon any valid termination of the Acquisition Agreement. The Plan may not be amended after the Public Hearing referred to in Article IX unless the Commissioner

determines that the amendment is not materially disadvantageous to BCBSLA members. If the Commissioner determines that the amendment is materially disadvantageous to BCBSLA members, another Public Hearing must be held regarding the Plan as amended.

Section 11.7. [RESERVED].

Section 11.8. Notices. Pursuant to Louisiana law (LSA-R.S. § 22:236.5(C)), if BCBSLA complies substantially and in good faith with the Louisiana Demutualization Law with respect to any required notice to BCBSLA members, the failure of any Person to actually receive any such notice that such Person was entitled to receive will not impair the validity of any action taken under the Louisiana Demutualization Law or the Plan.

Section 11.9. Costs and Expenses. BCBSLA will pay the expenses of any accountants, actuaries, attorneys, and other experts hired by the Commissioner to review any matter under the Louisiana Demutualization Law with respect to the Plan.

Section 11.10. Captions and Headings. The captions and headings of the Plan have been inserted for convenience of reference only and will not affect the meaning or interpretation of the Plan.

Section 11.11. Governing Law. The terms of the Plan will be governed by and construed in accordance with the laws of the State of Louisiana.

Section 11.12. Judicial Review. Pursuant to Louisiana law (LSA-R.S. § 22:236.4), all petitions for judicial review of, and any action challenging the validity of or arising out of the approval or disapproval of or any action proposed to be taken under any order or determination of the Commissioner in connection with the Plan must be filed in the Nineteenth Judicial District Court not later than 30 days after the final order or determination is issued by the Commissioner.

**ARTICLE XII.**  
**Definitions**

Section 12.1. General Terms. For all purposes of the Plan, except as otherwise expressly provided or unless the context otherwise requires:

- (1) The terms defined in this Article XII will, when used in the Plan, have the meanings assigned to them in this Article XII and include the plural as well as the singular.
- (2) The words “herein,” “hereof,” “hereunder” and other words of similar import refer to the Plan as a whole and not to any particular article, section, subsection or other subdivision.

Section 12.2. Specific Terms. For all purposes of the Plan, except as otherwise expressly provided in the Plan, the following terms will have the meanings set forth below:

“Acquisition” shall have the meaning set forth in Section 1.3.

“Acquisition Agreement” shall mean that certain Agreement and Plan of Acquisition, dated as of January 23, 2023, by and among BCBSLA, Purchaser, Elevance Health and the Foundation, as it may be amended from time to time in accordance with the provisions thereof. A summary of the material terms of the Acquisition Agreement is set forth in Exhibit A.

“Actuarial Opinion” shall have the meaning set forth in Article VI.

“Actuary” shall mean Brian M. Collender, FSA, MAAA associated with the firm of Deloitte Consulting LLP.

“Adoption Date” shall have the meaning specified in the first paragraph of the Plan.

“Advisory Board” shall have the meaning set forth in Section 11.5.

“Approved Excess Surplus” shall mean an amount equal to the statutory capital (i.e., admitted assets over liabilities) of BCBSLA in excess of 500% of the authorized control level risk based capital of BCBSLA as of the Closing Date, or such other amount as approved by the Commissioner.

“Articles Amendment” shall have the meaning set forth in Section 1.4.

“BCBSLA” shall have the meaning specified in the first paragraph of the Plan.

“Board” shall have the meaning specified in the first paragraph of the Plan.

“Closing” shall have the meaning specified in Affirmation A(3) of the Plan.

“Code” shall have the meaning specified in Section 1.1.

“Commissioner” shall mean the Commissioner of Insurance of the State of Louisiana, his deputy or the Louisiana Department of Insurance, as appropriate.

“Commissioner’s Order” shall have the meaning specified in Section 9.4.

“Common Stock” shall mean the common stock of BCBSLA, par value \$0.01 per share, following the effectiveness of the Reorganization.

“Current Articles” shall have the meaning specified in Affirmation A(2) of the Plan.

“Effective Date” shall mean the date on which the Reorganization contemplated by the Plan becomes effective in accordance with the Louisiana Demutualization Law and Section 1.4.

“Elevance Health” shall have the meaning specified in Affirmation A(4) of the Plan.

“Eligible Member” shall mean a Person who is a Member of BCBSLA on the Adoption Date and continues to be a Member of BCBSLA on the Effective Date.

“Eligible Member Payment” shall have the meaning set forth in Article V.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974.

“Fairness Opinion” shall have the meaning set forth in Article IV.

“Foundation” shall have the meaning specified in Affirmation A(2) of the Plan.

“In Force” shall have the meaning specified in Section 11.2.

“Louisiana Demutualization Law” shall have the meaning specified in Affirmation A(1) of the Plan.

“Member” shall mean as of any specified date any Person who, in accordance with the records, BCBSLA’s Current Articles and then-effective Amended and Restated Bylaws of BCBSLA, is the Policyholder of an In Force Policy.

“Membership Interests” shall mean all of the rights and interests of Policyholders as members of BCBSLA as arising under and provided by law and by BCBSLA’s Current Articles and then-effective Amended and Restated Bylaws, which rights include, but are not limited to, the rights, if any, to vote and the rights, if any, with regard to the surplus of BCBSLA.

“Note” shall have the meaning specified in Affirmation A(3) of the Plan.

“Note Amount” shall have the meaning specified in Affirmation A(3) of the Plan.

“Paying Agent” shall mean the paying agent appointed pursuant to the Paying Agent Agreement.

“Paying Agent Agreement” shall mean a paying agent agreement to be entered into by and among Purchaser, BCBSLA and the Paying Agent, in the form mutually agreed to pursuant to the Acquisition Agreement prior to Closing.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, a limited liability company, a limited liability partnership, a government or governmental agency, a state or political subdivision of a state, board, estate, trustee or fiduciary, or any other legal entity.

“Plan” shall have the meaning specified in the first paragraph of the Plan.

“Policy” shall mean any individual insurance policy or group health care benefits contract that has been issued by BCBSLA and under which the Policyholder thereof is a Member with Membership Interests.

“Policyholder” shall mean the Person or Persons specified or determined pursuant to Section 11.1.

“Proposed Reorganization” and “Reorganization” shall have the meaning specified in Affirmation A of the Plan.

“Public Hearing” shall have the meaning specified in Section 9.1.

“Purchaser” shall have the meaning specified in Affirmation A(4) of the Plan.

“Qualified Investment Banker” shall mean Chaffe & Associates, Inc.

“Record Date” shall have the meaning specified in Section 10.1(a).

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Securities Laws” shall have the meaning specified in Section 1.3(c).

“Special Meeting” shall have the meaning specified in Section 10.1(a).

“Trust” shall have the meaning specified in Section 1.2.

“United States” shall mean the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico and Territories of the United States within the meaning of Section 2(6) of the Securities Act.

“Voting Member” shall have the meaning specified in Section 10.1(a).

## **EXHIBIT A**

*The following is a summary of certain material terms of the Acquisition Agreement. Terms used and not defined herein shall have their meanings as set forth in the summary of the Plan of Reorganization set forth above or the “Glossary of Key Terms” section of the Member Information Statement, as applicable.*

### **Acquisition; Closing**

Unless the Acquisition Agreement is terminated, subject to the satisfaction or waiver of the conditions set forth in the Acquisition Agreement, the closing of the Acquisition shall take place on the third Business Day following the satisfaction or waiver of all conditions to each party’s obligation to consummate the transactions contemplated by the Acquisition Agreement (other than the conditions which by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing), or at such other place or on such other date as is mutually agreeable to Purchaser and BCBSLA.

Pursuant to the Acquisition Agreement, Elevance Health and BCBSLA will mutually agree upon the Paying Agent for purposes of effecting the distribution and payment of the Eligible Member Payment to the Eligible Members.

### **Consideration**

Immediately prior to the effectiveness of the Reorganization and in exchange for the right to operate as a stock insurance company following the Reorganization in accordance with the Louisiana Demutualization Law and subject to approval of the Commissioner and in furtherance of the purposes of the constituencies to be served pursuant to the Amended and Restated Articles of Incorporation of BCBSLA, BCBSLA shall (i) pay or transfer, as applicable, to the Foundation the Approved Excess Surplus and (ii) issue to the Foundation the Note, to be repaid immediately following the Closing in accordance with the terms thereof and the Plan of Reorganization. The amount payable to the Foundation pursuant to the Note shall consist of a \$2,500,000,000 base purchase price, less the Eligible Member Payment, and subject to adjustment for BCBSLA’s surplus (other than any amounts in respect of the Approved Excess Surplus), indebtedness and transaction expenses. In addition, the Paying Agent will distribute the Eligible Member Payment to the Eligible Members.

### **Representations and Warranties**

BCBSLA makes customary representations and warranties in the Acquisition Agreement on behalf of itself and its subsidiaries that are subject, in some cases, to certain qualifications (including qualifications as to knowledge, materiality, time and dollar amount) and are further modified and limited by a disclosure schedule provided by BCBSLA to Purchaser at the time the Acquisition Agreement was executed. These representations and warranties relate to corporate, financial and operational matters and include, among other things:

- the corporate organization, good standing and similar corporate matters of BCBSLA, including its qualification to do business under applicable laws and authority to enter into the Acquisition Agreement;
- certain financial statements of BCBSLA and BCBSLA’s Subsidiaries;
- the absence of certain changes to BCBSLA and BCBSLA’s Subsidiaries since December 31, 2021;
- litigation against BCBSLA or BCBSLA’s Subsidiaries;
- compliance with applicable law and regulatory matters and possession of necessary licenses;
- the computation of BCBSLA’s insurance reserves;
- reinsurance agreements; and
- the due authorization of the Acquisition Agreement and the transactions contemplated therein.

Purchaser and Elevance Health also make customary representations and warranties in the Acquisition Agreement that are subject to certain qualifications (including qualifications as to knowledge, materiality, time and dollar amount). These representations and warranties relate to, among other things, certain corporate and regulatory matters.

Several of the representations, warranties and covenants contained in the Acquisition Agreement relating to BCBSLA and its subsidiaries refer to the concept of a “Material Adverse Effect.” For purposes of the Acquisition Agreement, a “Material Adverse Effect” with respect to BCBSLA generally means a material adverse effect on the business, results of operations, assets, liabilities, or financial or other conditions of BCBSLA and its subsidiaries, taken as a whole, or on the ability of BCBSLA to perform its obligations under the Acquisition Agreement or to consummate the transactions contemplated thereby, subject to certain customary exceptions.

### **BCBSLA Interim Operating Covenants**

BCBSLA is subject to certain affirmative covenants in the Acquisition Agreement relating to the conduct of its business prior to the Closing. BCBSLA has agreed that it will, among other things:



- conduct its and its subsidiaries' business in the ordinary course and consistent with past practices in all material respects (except as otherwise expressly provided for by the Acquisition Agreement);
- use commercially reasonable efforts to (i) conduct its business, and cause its subsidiaries to conduct their respective operations, in compliance, in all material respects, with applicable laws, and (ii) maintain relationships with key employees, suppliers, customers and other Persons with whom BCBSLA or any of its subsidiaries has material commercial dealings; and
- maintain and preserve intact, in all material respects, its and its subsidiaries' (i) business organization and (ii) books and records and accounts in accordance with past practices.

BCBSLA has also agreed to certain negative covenants in the Acquisition Agreement customary for a transaction of this nature relating to the conduct of its and its subsidiaries' business prior to the completion of the Reorganization, including among other things restrictions on amending organizational documents, authorizing or issuing shares of stock, increasing compensation or hiring employees (subject to certain permitted thresholds), consummating acquisitions or dispositions, incurring liens or indebtedness (subject to certain permitted thresholds), and settling legal actions (subject to certain permitted thresholds).

### **Regulatory Matters**

Each of Purchaser and BCBSLA are required to make all filings and notifications with all governmental authorities that are necessary in order for the Reorganization to be effective. Such regulatory approvals include approval of the Plan by the Commissioner.

### **Restrictions Relating to Other Transactions**

The Acquisition Agreement provides that BCBSLA shall not, and shall cause its subsidiaries and representatives to not, directly or indirectly solicit, initiate or knowingly encourage or facilitate any inquiries that would reasonably be expected to lead to, or otherwise propose, offer, approve, recommend, discuss, negotiate or agree to any alternative transaction, or enter into any agreement requiring it to abandon, terminate, or fail to consummate the Reorganization.

Notwithstanding the above, if BCBSLA receives a bona fide written proposal from a Person for an alternative transaction that was not solicited after the date of the Acquisition Agreement and is not otherwise prohibited by the Acquisition Agreement, BCBSLA may, at any time prior to receipt of the approval of the Plan at the Special Meeting, furnish information to, and negotiate or otherwise engage in discussions with such Person, if and so long as the Board determines in good faith after consultation with its outside legal counsel that failure to provide such information or engage in such negotiations or discussions is reasonably likely to be inconsistent with the Board's fiduciary duties under applicable law and determines in good faith that such a proposal is, or would reasonably be expected to lead to, a superior proposal.

## Conditions to Closing

### *Mutual Closing Conditions*

The obligations of each of the parties to consummate the transactions contemplated by the Plan and the Acquisition Agreement shall be subject to the satisfaction of customary closing conditions including that:

- no order, injunction or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing the effectiveness of the Plan or any of the transactions contemplated by the Acquisition Agreement shall be in effect and no statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any governmental authority which prohibits, materially restricts or makes illegal the effectiveness of the Plan, including the transactions contemplated by the Acquisition Agreement;
- all waiting periods under any applicable antitrust law shall have expired or been terminated;
- the Plan shall have been approved by the requisite affirmative vote of the Voting Members of BCBSLA; and
- BCBSLA has been converted from a mutual insurance company to a stock insurance company in accordance with the Louisiana Demutualization Law and the Plan and the shares of BCBSLA capital stock issued in connection therewith shall be duly authorized and validly issued.

### *Conditions to Obligations of Purchaser*

The obligations of Purchaser to consummate the transactions contemplated by the Plan and the Acquisition Agreement shall be subject to the satisfaction or waiver by Purchaser of additional customary closing conditions including that:

- the representations and warranties of BCBSLA that are set forth in the first sentence of Section 2.11 of the Acquisition Agreement or are fundamental representations shall be true and correct in all respects on and as of the date of the Acquisition Agreement and as of the Closing Date. The fundamental representations of BCBSLA shall be true and correct in all material respects on and as of the date of the Acquisition Agreement and as of the Closing Date. All other representations and warranties of BCBSLA shall be true and correct on and as of the date of the Acquisition Agreement and as of the Closing (disregarding any qualification as to “materiality” or Material Adverse Effect) except where the failure of any such other representations and warranties to be true and correct would not reasonably be expected to have, individually or in total, a Material Adverse Effect on BCBSLA;
- BCBSLA shall have performed in all material respects all obligations required to be performed by it under the Acquisition Agreement at or prior to the Closing;

- all required regulatory approvals shall have been obtained and shall remain in full force and effect and shall not, individually or in total, reasonably be expected to have a material adverse effect on Purchaser and its affiliates, taken as a whole, or a Material Adverse Effect, or be reasonably likely to have a material impact on the benefits expected to be derived by Purchaser in connection with the transactions, taken as a whole (other than an acceptance by Purchaser of a prior notification and approval provision required by a governmental authority to secure a required approval and such action is expressly conditioned upon the closing of the transactions (collectively, a “Burdensome Term or Condition”));
- the Plan shall have been approved by the Blue Cross and Blue Shield Association without the imposition of a Burdensome Term or Condition;
- the Plan shall have been approved by the Commissioner without the imposition of a Burdensome Term or Condition; and
- BCBSLA shall not have suffered a Material Adverse Effect and there shall have been no occurrence, circumstance or combination thereof, which, as of the Closing, is reasonably likely to result in a Material Adverse Effect on BCBSLA.

### ***Conditions to Obligations of BCBSLA***

The obligation of BCBSLA to consummate the transactions contemplated by the Plan and the Acquisition Agreement is also subject to the satisfaction or waiver by BCBSLA of certain conditions including that:

- the representations and warranties of Purchaser and Elevance Health contained in the Acquisition Agreement shall be true and correct as of the date of the Acquisition Agreement and as of the Closing except where the failure of any such representations and warranties to be true and correct would not reasonably be expected to have, individually or in total, a Material Adverse Effect on the ability of Purchaser to consummate the transactions.
- Purchaser shall have performed in all material respects all obligations required to be performed by it under the Acquisition Agreement at or prior to the Closing;
- all required regulatory approvals (including approval by the Commissioner) shall have been obtained and shall remain in full force and effect; and
- the Plan shall have been approved by the Blue Cross and Blue Shield Association.

### **Termination**

The Acquisition Agreement may be terminated prior to the Closing under certain circumstances including:

- by mutual written consent of Purchaser and BCBSLA;

- by Purchaser upon written notice to BCBSLA if there has been a breach of any covenant or agreement by, or inaccuracy of any representation or warranty of, BCBSLA set forth in the Acquisition Agreement, which would result in the failure of the conditions in the Acquisition Agreement relating to no breach of representations and warranties and performance of covenants to be satisfied (so long as Purchaser has provided BCBSLA with written notice of such breach or inaccuracy and the breach or inaccuracy has continued without cure until 30 days following the date of such notice of breach);
- by BCBSLA upon written notice to Purchaser if there has been a breach of any covenant or agreement by, or inaccuracy of any representation or warranty of, Purchaser set forth in the Acquisition Agreement, which would result in the failure of the conditions in the Acquisition Agreement relating to no breach of representations and warranties and performance of covenants to be satisfied (so long as BCBSLA has provided Purchaser with written notice of such breach or inaccuracy and the breach has continued without cure until 30 days following the date of such notice of breach or inaccuracy);
- by either Purchaser or BCBSLA upon written notice to the other party if the Reorganization has not been completed by a specified outside date (subject to certain customary exceptions, one extension of the Outside Date exercisable by either party, and a second extension of the Outside Date that must be mutually agreed-upon);
- by either Purchaser or BCBSLA upon written notice to the other party if any injunction or order related to antitrust laws restraining, enjoining or otherwise prohibiting the effectiveness of the transactions shall become final and non-appealable;
- by either Purchaser or BCBSLA upon written notice to the other party if (i) any governmental authority which must grant a required regulatory approval has denied approval of such required regulatory approval as herein contemplated, and such denial has become final and non-appealable or any governmental authority of competent jurisdiction shall have issued a final non-appealable order permanently enjoining or otherwise prohibiting the effectiveness of the transactions;
- by Purchaser upon written notice to BCBSLA if the BCBSLA Board (i) fails to recommend that Voting Members approve the Plan, (ii) changes their recommendation that Voting Members approve the Plan, (iii) authorizes, approves or recommends to the Commissioner, the Voting Members, or otherwise authorizes, approves or publicly recommends, an alternative transaction, or (iv) shall fail to publicly confirm the Board's recommendation that Voting Members approve the Plan within ten Business Days after a written request by Purchaser that it do so following BCBSLA's receipt of a proposal concerning an alternative transaction, if, in each case, following such termination BCBSLA pays to Purchaser a termination fee of \$75,000,000 (the "Company Termination Fee");
- by BCBSLA, provided that BCBSLA has complied with its obligations under the relevant provisions of the Acquisition Agreement relating to nonsolicitation of

alternative proposals, at any time prior to obtaining the approval of the Plan by the Voting Members at the Special Meeting, in order to concurrently enter into a binding agreement for an alternative transaction that constitutes a superior proposal, and concurrently with such termination, BCBSLA pays to Purchaser the Company Termination Fee;

- by either Purchaser or BCBSLA upon written notice to the other party if, subject to any adjournment of the Special Meeting to a date no later than 30 days following the date for which the Special Meeting is initially scheduled, the approval of the Plan by the Voting Members at the Special Meeting shall not be obtained at the Special Meeting and BCBSLA pays to Purchaser the Company Termination Fee if an alternative transaction has been publicly announced and not withdrawn prior to the date of the Special Meeting, and BCBSLA enters into an agreement with respect to, or consummates, such alternative transaction within 12 months of termination of the Acquisition Agreement.

### **Additional Termination Fees**

#### ***Mutual Termination Fee***

If the Acquisition Agreement is terminated due to an uncured covenant breach or material breach of a representation and warranty, in each case causing the conditions to Closing under the Acquisition Agreement to not be met, then the non-terminating party shall pay to the terminating party a \$25,000,000 termination fee.

#### ***Purchaser Termination Fee***

If the Acquisition Agreement is terminated by Purchaser or BCBSLA because the outside date (as the same may have been extended) has passed, the transactions have become prohibited under applicable antitrust law, or the required regulatory approvals are not received, and Purchaser has, after the signing of the Acquisition Agreement, taken certain additional actions, then Purchaser shall pay to BCBSLA a \$75,000,000 termination fee.



# Louisiana

## Grant your Proxy FOR our Plan of Reorganization

Change Blue Cross and Blue Shield of Louisiana from a Mutual Insurance Company to a Stock Insurance Company

- ✓ Cash payment to Eligible Members of approximately \$3,000 per Eligible Policy.
- ✓ Creation of a new, billion dollar foundation funded by proceeds from the transaction with Elevance Health focused only on improving Louisiana.
- ✓ Blue Cross and Blue Shield of Louisiana will remain a local Blue Cross and Blue Shield company with local customer service, the same network of healthcare providers, and the same offices and employee base in the state.
- ✓ The plan of reorganization does not change your plan benefits or increase the cost of your insurance for the current plan year. Upon renewal of any health insurance policy, the law and/or policy terms, unrelated to the plan of reorganization, allow for changes in plan benefits and premiums.
- ✓ The plan of reorganization will not change the doctors and hospitals in our Blue Cross networks for the current plan year. At any time, unrelated to the plan of reorganization and in the ordinary course of business, providers may join or leave the network.
- ✓ Blue Cross will be a part of Elevance Health, which already owns 14 Blue Cross companies across the United States.
- ✓ Blue Cross will have access to greater financial resources to introduce and maintain market-leading customer services and programs.

**Explanatory Note:** The following information is only a summary of certain results anticipated to be achieved by the proposed Plan of Reorganization. Please refer to the enclosed Member Information Statement for more information on the proposed transaction.

**Proxy Form – Louisiana Health Service & Indemnity Company d/b/a Blue Cross And Blue Shield of Louisiana (the “Company”)**

Dear Voting Member,

You have been identified as a Policyholder Voting Member of the Company. This proxy form is being provided in connection with the Special Policyholder Meeting to vote on the Plan of Reorganization. To successfully complete this form please be sure to carefully review both pages and follow all instructions.

**Respond Online, by Phone or Mail**

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**Name:**

**PIN Number:**

**Total Number of Votes Granted by This Proxy Based on the Total Number of eligible Policies Held by You on December 31, 2023, the record date for the Special Policyholder Meeting to vote on the Plan of Reorganization:**

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**ONLINE:** [www.fcrvote.com/BCBS](http://www.fcrvote.com/BCBS)

You may respond online until 11:59 p.m. (CT) on February 19, 2024.



**PHONE:** 1-866-402-3905

Use a touch-tone telephone to respond until 11:59 p.m. (CT) on February 19, 2024.



**MAIL:** Mark, sign, and date your proxy form (see reverse side of this form) and return it in the postage-paid envelope provided. If you respond online or through the phone, you do NOT need to mail back your proxy form. All mailed proxy forms must be received no later than February 19, 2024 to be counted for the Special Policyholder Meeting. This form can also be delivered in person at the Special Policyholder Meeting. If you do not use the postage-paid envelope, please address your correspondence to:

Blue Cross and Blue Shield of Louisiana  
C/O First Coast Results  
PO BOX 3672, Ponte Vedra Beach, FL 32004-9911

**ASSISTANCE:** If you need assistance with your proxy election process you may call 1-800-356-8906.

**Proxy Form – Louisiana Health Service & Indemnity Company d/b/a Blue Cross And Blue Shield of Louisiana (the “Company”)**

**This proxy is solicited by the Board of Directors of the Company for the Special Policyholder Meeting on February 21, 2024 (the “Special Policyholder Meeting”) to vote on the Plan of Reorganization.**

The undersigned Voting Member of the Company hereby appoints I. Steven Udvarhelyi, M.D., Jerome Greig and Judy P. Miller (the “Proxies”), each of whom is a policyholder and member of the board of directors of the Company and each of them, with full power to act alone, the true and lawful proxies of the undersigned, with full power of substitution and revocation, to exercise all votes that such Voting Member is entitled to vote at the Special Policyholder Meeting and at any adjournments or postponements thereof, with all powers the undersigned would possess if personally present.

**The Company’s Board of Directors Recommends You Grant Your Proxy to Vote FOR Approval of the Plan of Reorganization.**

**Name:**

**PIN Number:**

**Total Number of Votes Granted by This Proxy Based on the Total Number of eligible Policies Held by You on December 31, 2023, the record date for the Special Policyholder Meeting to vote on the Plan of Reorganization:**

The undersigned authorizes the named Proxies above to vote on the Plan of Reorganization:

FOR     AGAINST

*This proxy will be voted in accordance with the directions of the undersigned. If a proxy is properly signed and received and the manner of voting is not indicated on the proxy, or is not marked to vote either FOR or AGAINST the Plan of Reorganization, such proxy will not be counted and will not be regarded as a vote cast at the Special Meeting. If you held multiple eligible policies with the Company on December 31, 2023, the proxy you grant pursuant to this proxy form will be voted on behalf of all such policies. If you do not respond online or by phone, you must sign and return your proxy form in order for your vote to be counted.*

**IF ANY OTHER BUSINESS IS PRESENTED AT THE SPECIAL POLICYHOLDER MEETING, INCLUDING MATTERS INCIDENTAL TO THE CONDUCT OF THE SPECIAL POLICYHOLDER MEETING OR OTHERWISE, THIS PROXY WILL BE VOTED IN THE DISCRETION OF THE NAMED PROXIES.**

The undersigned acknowledges receipt of the Notice of Special Policyholder Meeting and the Member Information Statement.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

*Please sign exactly as your name appears in this proxy form. Trustees, administrators, etc., should include title and authority. Corporations, partnerships and LLCs should provide full name of the entity and title of authorized officer signing this proxy form. If you choose to respond online or by phone please see the reverse side.*