



March 9, 2010

Dear Physicians Health Plan of Mid-Michigan Physician/Provider,

Sparrow Health System and Blue Care Network announced on Monday, March 8, that we have mutually ended our proposed agreement that would have enabled Blue Care Network to acquire the membership of Physicians Health Plan of Mid-Michigan.

Originally, both parties anticipated that this transaction would receive necessary regulatory clearance by the end of 2009. However, both organizations concluded late last week that the transaction would not get clearance without considerable additional delays. As a result, Blue Care Network and Sparrow decided that the substantial cost and extended time period it would take to gain clearance for the acquisition are not in the best interests of either organization.

We want to reassure you that PHP remains financially strong and has a solid capital position. Since the transaction was announced, PHP associates, who have a solid reputation for service excellence, have continued to focus on meeting the needs of our customers and members:

- PHP's customer-focused strategy has allowed us to continue to provide high-quality, cost-effective care that people have come to expect from our award-winning health plan.
- Group business continued to be renewed and new business sold.
- Claims turnaround time and customer call center response time have remained consistent.

This business-as-usual mindset will continue and PHP will work hard to increase visibility and presence in the coming weeks. We are already working on a full business plan to execute a strategic reintroduction of the PHP brand into the marketplace. We believe this is a unique opportunity to strengthen and grow our brand.

Thank you for your continued participation and for the trust you've placed with us. If you have any questions please do not hesitate to contact your Provider Relations Coordinator.

Thank you,

A handwritten signature in black ink that reads "Scott Wilkerson".

Scott Wilkerson  
President and CEO  
PHP Mid-Michigan