

Health Care Service Corporation Announces Offer to Purchase for Cash Any and All of its 4.70% Notes due January 15, 2021

July 11, 2016

Chicago, IL – Health Care Service Corporation (the “**Company**” or “**HCSC**”) announced today the launch of its tender offer (the “**Offer**”) to purchase for cash any and all of its outstanding 4.70% Notes due January 15, 2021 (CUSIP Numbers 42218S AC2 and U4219P AB6) (the “**Notes**”).

The following table sets forth some of the terms of the Offer:

Title of Security	CUSIP Number	ISIN	Outstanding Principal Amount	Reference U.S. Treasury Security	Bloomberg Reference Page ⁽¹⁾	Fixed Spread (basis points)
4.70% Notes due 2021	42218S AC2 / U4219P AB6	US42218SAC26 / USU4219PAB68	\$500,000,000	1.125% U.S. Treasury Notes due June 30, 2021	FITI	70

(1) The page on Bloomberg from which the Dealer Manager will quote the bid-side prices of the Reference U.S. Treasury Security.

This announcement does not contain the full terms and conditions of the Offer, which are contained in the offer to purchase dated July 11, 2016 (as it may be amended or supplemented from time to time, the “**Offer to Purchase**”) and the Notice of Guaranteed Delivery and is subject to the offer restrictions set out below and more fully described in the Offer to Purchase.

Notes may be validly tendered at any time on or before 5:00 p.m., New York City time, on July 15, 2016, unless extended or earlier terminated (such date and time, as the same may be extended, the “**Expiration Time**”). Notes must be tendered in accordance with the procedures set forth in the Offer to Purchase. Subject to certain conditions, holders may tender Notes in the Offer pursuant to guaranteed delivery procedures by transmitting a Notice of Guaranteed Delivery to the information and tender agent prior to the Expiration Time, as described in more detail in the section “The Offer—Procedures for Tendering Notes—Guaranteed Delivery Procedure for Notes” in the Offer to Purchase.

The consideration per each \$1,000 principal amount of Notes validly tendered and accepted for payment pursuant to the Offer (the “**Tender Consideration**”) will be determined in the manner described in the Offer to Purchase by reference to the fixed spread specified on the table above over the yield) based on the bid side price of the U.S. Treasury Security specified above, as calculated by the Dealer Manager at 11:00 a.m., New York City time, on July 15, 2016, unless extended by the Company. The Tender Consideration will be payable in cash.

The settlement date for Notes that are validly tendered on or prior to the Expiration Time is expected to be July 18, 2016, the first business day following the Expiration Time, unless extended (the “**Any and All Settlement Date**”). The settlement date for the Notes that are tendered pursuant to guaranteed delivery procedures is expected to be July 20, 2016, the third business day following the Expiration Time, unless extended. Payments for the Notes purchased will include accrued and unpaid interest from and including the immediately preceding interest payment date of the Notes up to, but not including, the Any and All Settlement Date (the “**Accrued Interest**”).

Notes tendered may only be withdrawn at or prior to 5:00 p.m., New York City time, on July 15, 2016 (such date and time, as the same may be extended, the “**Withdrawal Deadline**”) but, except as otherwise provided, not thereafter.

HCSC will fund the Offer with existing cash resources. The Offer is being made to reduce gross debt through the early repayment of medium-term maturing bonds.

The Company's obligation to accept for payment and to pay for the Notes validly tendered in the Offer is subject to the satisfaction or waiver of a number of general conditions described in the Offer to Purchase. The Company reserves the right, in its sole discretion, subject to applicable law, to (i) extend the Expiration Time; (ii) waive any and all conditions of the Offer; (iii) terminate the Offer; or (iv) otherwise amend the terms of the Offer in any respect.

J.P. Morgan Securities LLC has been appointed to serve as the dealer manager (the "**Dealer Manager**") for the Offer. D.F. King has been retained to serve as the information agent and tender agent in connection with the Offer.

For additional information regarding the terms of the Offer, please contact J.P. Morgan Securities LLC at +1 866 834 4666 (toll free within the U.S.) or collect at +1 212 834 3424. Requests for documents and questions regarding the tender of Notes may be directed to D.F. King via email: hcsc@dfking.com or telephone: +1 866-829-0135 (toll free within U.S.) or collect at + 1 212 269 5550.

The Offer to Purchase is expected to be distributed to holders of Notes beginning today. A copy of the Offer to Purchase (including the Notice of Guaranteed Delivery for the Offer) is available at <http://www.dfking.com/hcsc> and may also be obtained at no charge from D.F. King.

None of HCSC, the Dealer Manager or the information and tender agent makes any recommendation as to whether any holder of the Notes should tender or refrain from tendering all or any portion of the principal amount of the Notes.

Important Information

This press release is neither an offer to purchase nor a solicitation to buy any Notes nor is it a solicitation for acceptance of the Offer. The Company is making the Offer only by, and pursuant to the terms of, the Offer to Purchase. The Offer is not being made to (nor will tenders of Notes be accepted from or on behalf of) holders of Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. This announcement must be read in conjunction with the Offer to Purchase.

Forward-Looking Statements

This news release contains, or incorporates by reference, "forward-looking statements." Forward-looking statements include predictions of future results or activities and may contain the words "expects," "believes," "should," "will," "anticipates," "projects," "estimates," "implies," "can," or words or phrases of similar meaning. The Company's actual results or activities may differ materially from these predictions. The Company's future results could also be affected by a variety of factors, including the ability to consummate the Offer. Forward-looking statements speak only as of the date they were made, and the Company undertakes no obligation to update them publicly.

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About Health Care Service Corporation

Health Care Service Corporation is the country's largest customer-owned health insurer and fourth largest health insurer overall, with more than 15 million members in its Blue Cross and Blue Shield plans in Illinois, Montana, New Mexico, Oklahoma and Texas. A Mutual Legal Reserve Company, HCSC is an independent licensee of the Blue Cross and Blue Shield Association. For more information, please visit www.HCSC.com, visit our Facebook page or follow us at www.twitter.com/HCSC.

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