

Engagement Letter between  
Blackstone Advisory Partners L.P. and Blank Rome LLP  
with agreement by Highmark Inc.

December 9, 2011

Carl M. Buchholz  
Blank Rome LLP  
One Logan Square-Suite 1100  
18th & Cherry Streets  
Philadelphia, PA 19103

Re: Proposed Change in Control of Highmark Inc. and Various  
Affiliated Domestic Insurers Related to Affiliation With West  
Penn Allegheny Health System

Dear Mr. Buchholz:

We understand that Blank Rome LLP ("BR") has been retained by the Pennsylvania Insurance Department (the "Department") to act as its legal advisor in connection with matters relating to the Department's examination of the transaction proposed by UPE involving a change of control of Highmark Inc. and various affiliated domestic insurers related to an affiliation with West Penn Allegheny Health System ("WPAHS") (the "Transaction"). This Letter Agreement confirms the engagement of, and sets forth the terms and conditions upon which Blackstone Advisory Partners L.P. ("Blackstone") will be engaged by BR to serve as its financial consultant and potential expert witness to the Department in connection with the foregoing. For the purposes of this Letter Agreement, the term Highmark shall be deemed to include (i) Highmark, Inc., its subsidiaries and affiliates ("Highmark"); and (ii) Highmark's assigns and successors in interest. Highmark hereby represents to Blackstone that Exhibit C hereto constitutes a complete list of those entities that constitute Highmark and agrees to furnish to Blackstone any changes to such list.

It is understood that Highmark (rather than BR or the Department) shall be responsible for payment of all amounts payable hereunder to Blackstone pursuant to Exhibit A and Exhibit B attached hereto.

1. It is our understanding that Blackstone is acting solely as an advisor to BR; that our reports, opinions and advice (written and oral) rendered pursuant hereto will be used by BR solely for the purpose of advising the Department and shall be relied upon solely by BR and the Department and that the engagement of Blackstone hereunder is not deemed to be on behalf of, and is not intended to confer rights upon, Highmark, except with regard to provisions relating to confidentiality of documents or information of which Highmark is a direct and/or third party beneficiary, or any policyholder, securityholder, member, director, officer, employee or creditor or affiliate of Highmark, WPAHS, or any member, director, officer, employee, creditor or affiliate of WPAHS or any person other than BR and the Department as against Blackstone or any Indemnified Person (as defined in Exhibit B). Any written reports, opinions, and advice rendered by Blackstone to BR will become the property of BR. Unless otherwise expressly agreed by Blackstone in writing, no one other than BR or the Department is authorized to rely upon this engagement of Blackstone or any statements or conduct by Blackstone. Blackstone consents to the reference by BR or the Department to Blackstone's reports, opinions, advice and firm name in documents released by or at the direction of BR or the Department concerning the proposed Transaction or in any public hearing on such proposed Transaction.
2. Blackstone recognizes and acknowledges that, it is not obligated or permitted to divulge to anyone except BR or the Department with the prior written consent and participation of BR any information relating to Highmark or WPAHS not publicly available which is obtained by it in the course of performing its services hereunder, provided, however, that nothing contained in this paragraph 2 shall limit the provisions of paragraph 9 (b) or (e) hereof.

It is understood and agreed that:

- (a) Blackstone shall advise BR of any intended request by Blackstone, its affiliates or their respective directors, officers, employees or advisors (all of the foregoing collectively referred to as "Representatives") for information or documents from Highmark and WPAHS or for access to the books and records of Highmark or WPAHS and BR may require any such request to be made through BR. BR may also require (1) that the furnishing by Highmark or WPAHS of other non-public information shall be made only through BR to Blackstone and (2) that any meetings or discussions between Highmark or WPAHS or their personnel, advisors, consultants or representatives and Blackstone relating to this engagement shall take place only in the presence of or with the prior approval of BR.
- (b) Except as contemplated in paragraph 6, Blackstone shall utilize only its own employees, and shall not utilize the services of any other firm, organization or person, in providing the services contemplated under this Letter Agreement, unless agreed to in advance, in writing by BR.

- (c) BR recognizes that in advising BR and in rendering the services contemplated hereunder, Blackstone will be using and relying on publicly available information and on data, material and other information (including the "Confidential Information" defined in paragraph 8 hereof) furnished to Blackstone by BR, Highmark, WPAHS, the Department and other parties. It is understood that in performing under this Letter Agreement, Blackstone may rely upon such publicly available information and the other information so furnished without independent verification, and that Blackstone shall not be responsible for the accuracy and completeness of such information.
3. As a consultant to BR, Blackstone will serve as advisor to BR in evaluating the financial aspects of the Transaction and, if requested by BR, in accordance with its customary practice, will provide to the Commissioner of Insurance of the Commonwealth of Pennsylvania one or more reports with respect to the compliance of the proposed Transaction with certain of the statutory criteria included in 40 P.S. §§ 991.1402(f)(1) (a "Report"). As a consultant, Blackstone shall not, unless specifically requested by BR, negotiate directly with Highmark and/or WPAHS, their expert witnesses, advisors or consultants, on behalf of the Department or otherwise, the policyholders or otherwise. Blackstone shall make itself available, on reasonable advance notice, for conferences as deemed necessary by BR, and, if requested by BR, on reasonable advance notice, to testify at any public hearing in connection with the Transaction, or in any court of law, if necessary.
4. Blackstone's services to be rendered to BR hereunder may include:
- (a) assisting the Department in determining the information that it should require Highmark and/or WPAHS to furnish to the Department for purposes of its analysis of the Transaction;
  - (b) reviewing the standalone and pro forma business plans, including financial projections, for Highmark, WPAHS, and the entities to be created pursuant to the Transactions ("Newcos")
  - (c) reviewing the estimate put forth by Highmark/WPAHS regarding the economic benefits of the Transaction;
  - (d) reviewing how any increased revenue and cost savings from the Transaction will be applied to benefit the public interest;
  - (e) reviewing the Transaction documents and their effect, from a financial point of view, on policyholders, certificate holders, subscribers, providers, and the public;
  - (f) meeting with the Department, Highmark, WPAHS, and each of their respective consultants as necessary to discuss the Transaction;

- (g) providing expert testimony at public informational hearings;
- (h) reviewing the respective valuations of both Highmark and WPAHS as well as the potential pro forma valuation of Newcos;
- (i) reviewing any other financial work performed by Highmark, WPAHS, or their consultants in connection with the Transaction;
- (j) providing public reports for inclusion in the public file; and
- (k) performing any other analyses or responsibilities, as determined by the Department.

It is understood that the above services are not all inclusive and that BR may call upon Blackstone to render such other advisory services as may from time to time be agreed upon in writing by Blackstone, BR and/or the Department. It is also understood and agreed that BR is not required to use Blackstone for each of the services listed above, but may choose to use other entities for such services.

5. As compensation for Blackstone's services under this Letter Agreement, by reason of the nature of this engagement, it is understood and agreed that Highmark shall be liable to make payments to Blackstone on behalf of BR for all professional services rendered by Blackstone to BR hereunder, in accordance with the terms in Exhibit A attached hereto. No fees payable by BR or Highmark to any other consultant or advisor shall reduce or otherwise affect the fees payable to Blackstone hereunder. In connection with the foregoing it is agreed as follows:
  - (a) Blackstone will submit quarterly statements to BR, which will set forth the dollar amounts due for the professional services rendered and posted during that period, together with an itemization of all expenses incurred for which reimbursement is due from Highmark as provided in Paragraph 6 below. BR, in consultation with the Department if needed, will review these quarterly statements and then forward them to Highmark. Although there is no requirement which places a limit on travel expenses per Pennsylvania government travel guidelines, Blackstone shall be mindful of travel expenses incurred and be prepared to provide receipts as requested.
  - (b) Within 30 days of receipt of each statement, Highmark shall remit to Blackstone the entire amount set forth in such statement and submit a transmittal to BR advising BR of payment rendered.
6. In addition, Highmark, on behalf of BR, will reimburse Blackstone on a quarterly basis for its reasonable out-of-pocket expenses incurred in connection with this engagement including, without limitation, travel, data retrieval, word processing, graphics and communication charges, research costs, courier services and fees, and, with the prior consent of the Department and Highmark, which shall not be unreasonably withheld, expenses and disbursements of any legal counsel retained

by Blackstone. It is expressly understood that Blackstone is not undertaking to provide any tax, legal, accounting or actuarial services, or any independent appraisal of the assets or liabilities of Highmark and/or WPAHS, and will be relying on the Department's professional advisors therefor. In addition, nothing contained in this paragraph 6 shall in any manner affect or vitiate Highmark's obligation to reimburse Blackstone for reasonable legal fees and disbursements in connection with the matters contemplated by Exhibit B hereto.

7. It is agreed and understood that notwithstanding any provisions of this Letter Agreement, none of BR, the Department, the Commonwealth of Pennsylvania or any agency, officer or employee thereof, shall have any liability or any other type of obligation to pay or compensate Blackstone for any services, expenses or other costs incurred by Blackstone or others in connection with this engagement or this Letter Agreement, it being the intention of the parties that Blackstone shall look solely to Highmark for payment of all amounts contemplated by this Letter Agreement.
8. In connection with the services to be performed by Blackstone hereunder, Blackstone has obtained and will obtain Confidential Information concerning Highmark and/or WPAHS from BR, the Department, Highmark, and/or WPAHS including but not limited to access to the books and records of Highmark and/or WPAHS. The term "Confidential Information" includes all information so obtained by Blackstone or its Representatives. The term "Confidential Information" does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by Blackstone or its Representatives, (ii) is or becomes available to Blackstone, on a non-confidential basis from sources other than the Department, BR and Highmark and/or WPAHS, provided that such source is not known to Blackstone to be bound by a confidentiality undertaking, written or oral, with the Department, BR or Highmark and/or WPAHS, or (iii) was lawfully within Blackstone's possession prior to its being furnished to Blackstone by the Department, BR or Highmark and/or WPAHS, provided that the source of such information was not known to Blackstone to be bound by a confidentiality undertaking, written or oral, with the Department, BR or Highmark and/or WPAHS in respect thereof.
9. As a condition of this engagement, Blackstone agrees as follows:
  - (a) Blackstone recognizes and acknowledges the competitively sensitive and confidential nature of the Confidential Information and the damage that could result to Highmark and/or WPAHS if information contained therein is disclosed in violation of the terms of this Letter Agreement. Blackstone shall be responsible for any breach of the provisions of this agreement concerning use of the Confidential Information by its Representatives.
  - (b) Blackstone agrees that the Confidential Information will be used solely for the purpose of this engagement, except that, in the event Blackstone receives information which is the same as the Confidential Information

from a third party on a confidential basis, Blackstone may use such information for the purpose for which such third party furnished it to Blackstone, except as otherwise prohibited by paragraph 13 hereof. Blackstone also agrees that for a period of six years from the date hereof it will, and will direct its Representatives to whom Confidential Information is disclosed, keep the Confidential Information confidential and not disclose any of the Confidential Information to anyone other than the Department, BR or the Department's other consultants without the prior written consent of BR; provided, however, that any of the Confidential Information may be disclosed to Blackstone's Representatives who in Blackstone's judgment need to know such Confidential Information for the purpose of this engagement and who have agreed to keep such information confidential and to be bound by this Letter Agreement to the same extent as if they were parties hereto. Blackstone agrees that in no case will it disclose Confidential Information to any of its Representatives before it has advised such Representatives of the confidential nature of the Confidential Information and of the terms and conditions of this Letter Agreement, and such Representative has agreed to keep such information confidential and to act in accordance with such terms and conditions.

- (c) Except as otherwise permitted by clauses (b) and (e) of this paragraph 9, and except for any disclosures made by Blackstone at the request of the Department at a public hearing or in connection with litigation relating to this engagement referred to in paragraph 3 of this Letter Agreement, neither Blackstone nor its Representatives will disclose to any person any of the terms, conditions or other facts with respect to the Transaction including the status thereof, other than terms, conditions and other facts which: (i) are or become generally available to the public other than as a result of the breach of the confidentiality provisions hereof by Blackstone or its Representatives; and (ii) are or become generally available to Blackstone, on a non-confidential basis from sources other than the Department, BR and Highmark provided that such source is not known to Blackstone or its Representatives to be bound by a confidentiality undertaking, written or oral, with the Department, BR or Highmark. Before any disclosure by Blackstone at the direction of or with the consent of the Department and/or BR of Confidential Information supplied to the Department by Highmark or WPAHS under a claim of confidentiality, the Department will:
- (1) provide Highmark and WPAHS with not less than five days prior written notice of the proposed disclosure in order to allow Highmark and/or WPAHS time within which to seek a protective order enjoining the proposed disclosure or such other relief as may be appropriate under the circumstances; or
  - (2) obtain the consent of Highmark and/or WPAHS.

- (d) Upon written request by BR, whether or not the Transaction is consummated, all written Confidential Information (and all copies, extracts or other reproductions in whole or in part thereof) obtained by Blackstone from Highmark, WPAHS, or BR shall be returned to BR (or with BR's written permission, destroyed and such destruction certified in writing to BR and Highmark and/or WPAHS by an authorized officer, supervising such destruction). Except as set forth in the last sentence of this clause (d), no such Confidential Information shall be retained by Blackstone. All documents, memoranda, notes and other writings prepared by Blackstone, to the extent such writings contain Confidential Information, shall be destroyed, and such destruction shall be certified in writing to Highmark and BR, by an authorized officer supervising such destruction. Notwithstanding the foregoing, Blackstone shall be entitled to keep one copy of any Confidential Information (or any document containing such Confidential Information) which it deems in its reasonable judgment to be necessary to support the conclusions reached in any Report or other written advice or for regulatory purposes, provided that such information is held subject to the confidentiality obligations contained in paragraph 9 of this Letter Agreement.
- (e) In the event that Blackstone or any of its Representatives (i) determine, in good faith upon the advice of counsel, that disclosure of Confidential Information is required under applicable law, or (ii) are requested or required (by oral questions, interrogatories, request for information or documents, subpoena, civil investigative demand or similar process or by regulatory authorities having jurisdiction over Blackstone) to disclose any of the Confidential Information or take any other action prohibited hereby, Blackstone and its Representatives will provide BR, the Department, Highmark, and/or WPAHS with written notice of such event within two business days of Blackstone's receipt of notice of such event so that each may seek to enforce the provisions of this Letter Agreement, or seek an appropriate protective order or other remedy and/or waive compliance with the provisions of this Letter Agreement. Provided that such foregoing notice is furnished, if, in the absence of a protective order, Blackstone or its Representatives are, in the opinion of its or their counsel, compelled to disclose Confidential Information or else be held liable for contempt or suffer other censure or penalty, Blackstone or the Representatives, as the case may be, may disclose such Confidential Information without liability under this Letter Agreement.
- (f) It is understood that money damages may not be a sufficient remedy for any violation of the terms of this paragraph 9 and, accordingly, Highmark, BR, or the Department shall be entitled to specific performance and injunctive relief as remedies for any violation.
10. Blackstone and Highmark have entered into a separate indemnification agreement, attached hereto as Exhibit B, provided for the indemnification by

Highmark of Blackstone and each other Indemnified Person (as defined in the attached indemnification agreement). Such indemnification agreement is an integral part of this Letter Agreement and the terms thereof are incorporated by reference herein.

11. This engagement may be terminated by either BR or Blackstone without cause at any time from the date hereof, upon thirty days written notice. In addition, BR has the option, which may be exercised only once, to temporarily suspend this engagement without cause for a period of no longer than 180 days upon ten days written notice to Blackstone. With respect to Highmark's rights and obligations, it is understood that any such termination or temporary suspension shall not affect (a) Highmark's obligation to indemnify Blackstone and certain related persons as provided in the separate indemnification agreement referred to in paragraph 10 hereof, (b) Highmark's obligation to pay any fees and expenses to the extent provided for herein, accrued prior to the date of termination or temporary suspension, as the case may be, and (c) the obligations of Blackstone under paragraphs 8 and 9, which shall survive the termination or suspension of this engagement.
12. Except as disclosed by Blackstone to BR and to the best of Blackstone's knowledge, neither Blackstone nor its controlled affiliates and subsidiaries have any material business association with Highmark and/or WPAHS. Blackstone agrees that neither it nor its controlled subsidiaries and affiliates will, during the term of this Agreement, provide any products or services to Highmark; provided, however, that the restrictions in this sentence shall not apply to any entity constituting a part of Highmark (as defined in the first paragraph of this Letter Agreement) if 100 percent of such entity is sold to a party or parties not otherwise affiliated with Highmark. In addition, during the term of this Agreement, Blackstone may not advise a different insurer, with respect to a reorganization matter before the Department.
13. Except as otherwise provided in Section 12, Highmark and BR acknowledge that Blackstone may have and may in the future have investment banking, private equity, and other relationships with parties other than Highmark, which parties may have interests with respect to Highmark or the Transaction contemplated hereby. Although Blackstone in the course of such other relationships may acquire information about Highmark, such Transaction or such other parties, Blackstone shall have no obligation to disclose such information, or the fact that Blackstone is in possession of such information to BR or Highmark or to use such information on BR's behalf. Furthermore, Highmark and BR acknowledge that Blackstone may have fiduciary or other relationships whereby Blackstone may exercise voting power over securities of various persons, which securities may from time to time include securities of others with interests with respect to the Transaction. Highmark and BR acknowledge that Blackstone may exercise such powers and otherwise perform its functions in connection with such fiduciary or other relationships without regard to its relationship to Highmark or BR or the Department hereunder.

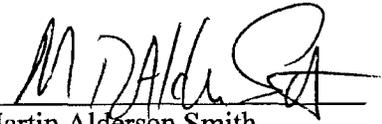
14. This Letter Agreement and all controversies arising from or relating to performance under this Letter Agreement and this engagement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to contracts made and to be performed in Pennsylvania. BR, Highmark and Blackstone hereby irrevocably consent to personal jurisdiction and venue in any state or federal court located within the Commonwealth of Pennsylvania for the purposes of any suit, action or other proceeding arising out of this engagement or this Letter Agreement, which is brought by BR, Highmark, the Department or Blackstone, and hereby agree that all claims in respect of any such suit, action or proceeding may be heard and determined in any such court. BR, Highmark, the Department and Blackstone hereby irrevocably consent to the service of process of any of the aforementioned courts in any suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to either party, such service to become effective ten (10) days after such mailing to: **Joshua B. Rovine, General Counsel of Blackstone Advisory Partners L.P., 345 Park Avenue, New York, NY 10154**
15. Notwithstanding anything to the contrary provided elsewhere herein, none of the provisions of this Letter Agreement shall in any way limit the activities of The Blackstone Group L.P. and its affiliates in their businesses distinct from the corporate advisory business of The Blackstone Group L.P., provided that confidential information is not made available to representatives of The Blackstone Group L.P. and its affiliates who are not involved in the corporate advisory business of The Blackstone Group L.P. Should confidential information be made available to a representative of The Blackstone Group L.P. and its affiliates who is not involved in the corporate advisory business of The Blackstone Group L.P., such representative shall be bound by this Agreement in accordance with its terms.
16. Following consummation of the Transaction contemplated hereby, Blackstone may place advertisements describing its services hereunder in financial and other newspapers at its own expense in a manner normal and customary in the investment banking industry.
17. This Letter Agreement may be executed in any number of counterparts, and all such counterparts together shall constitute the Letter Agreement. None of BR, Highmark or Blackstone may assign its rights or obligations hereunder. BR agrees that no Indemnified Person shall have any liability to BR for or in connection with this Letter Agreement, except for liability for damages which are finally judicially determined to have resulted directly and primarily from the negligence or willful or criminal misconduct of the Indemnified Person (as defined in the attached indemnification agreement). This agreement (a) has been duly executed and delivered on behalf of BR, Highmark and Blackstone and constitutes the legal, valid, binding and enforceable obligation of each such party, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally or by general equitable principles or public policy

considerations; (b) sets forth the entire understanding of the parties relating to the subject matter hereof and supersedes and cancels any prior communications, understandings and agreements between the parties regarding the subject matter hereof, and (c) may not be amended or modified except in a written instrument executed by each of the parties. If any provision of this agreement is determined to be invalid or unenforceable in any respect, such determination will not affect such provision in any other respect, which will remain in full force and effect. ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY PROCEEDING ARISING OUT OF OR RELATED TO THE SERVICES OF BLACKSTONE UNDER THIS LETTER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY IS HEREBY WAIVED OR DEEMED WAIVED BY EACH INDEMNIFIED PERSON (AS DEFINED IN THE ATTACHED INDEMNIFICATION AGREEMENT) AND BY HIGHMARK.

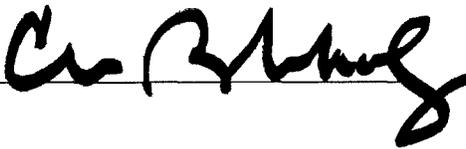
We are looking forward to working with you. After reviewing this Letter Agreement, please confirm that the foregoing is in accordance with your understanding by signing and returning to us the duplicate of this Letter Agreement.

Very truly yours,

**BLACKSTONE ADVISORY  
PARTNERS L.P.**

By:   
Martin Alderson Smith  
Senior Managing Director

**BLANK ROME LLP**

By: 

**Agreed to:**

**HIGHMARK INC.**

By: 

**EXHIBIT A**

**COMPENSATION**

(a) Monthly Advisory Fee (payable on a monthly basis): For the duration of this engagement, a monthly financial advisory fee, according to the schedule below, is due and payable on each monthly anniversary of the execution of this Agreement subject to the provisions set forth in paragraphs 5, 6, and 7 herein, until the termination of the engagement (or during a temporary suspension thereof) pursuant to paragraph 11.

Months 1-10	\$210,000/month
Each month thereafter until Termination	\$125,000/month

For purposes of determining the monthly financial advisory fee for the last month of the engagement, subject to provisions in paragraph 11 herein, Blackstone shall be entitled to a pro rata portion of the applicable fee set forth above.

(b) Reports: It is also understood that Blackstone may be requested by BR to provide a report with respect to the compliance of the proposed Transaction with certain of the statutory criteria included in 40 P.S. §§ 991.1402(f)(1) (a "Report"). The fee for any such Report will be \$1,250,000, payable at the time that Blackstone notifies the Department that it stands ready to deliver the Report.

(c) If, subsequent to the termination of this engagement, Blackstone is requested by the Department, Highmark and/or WPAHS to testify at a public hearing related to this engagement or in connection with litigation arising out of this engagement, Highmark shall provide reimbursement of all legal expenses incurred by Blackstone in connection with its preparation for rendering of such testimony, together with an hourly fee for the time of each Blackstone employee providing such testimony (including time spent by such employees preparing for such testimony), as follows:

Managing Director or Above:	\$650/hour
Vice President:	\$500/hour
Associate:	\$400/hour
Analyst:	\$300/hour

## EXHIBIT B

### INDEMNIFICATION AGREEMENT

Blackstone Advisory Partners L.P.  
345 Park Avenue  
New York, NY 10154

Sirs/Mesdames:

Blackstone Advisory Partners L.P. ("Blackstone") has advised Blank Rome LLP ("BR") that it will require a direct indemnification undertaking from Highmark Inc. ("Highmark") in order to provide advisory services to the BR in connection with UPE's "Form A" application for approval of the change in control of certain Highmark affiliates. BR has requested that Highmark provide such an undertaking to Blackstone. This letter agreement ("Indemnification Agreement") sets forth the terms and conditions pursuant to which Highmark will provide indemnification to Blackstone and other Indemnified Persons (defined below) in connection with the work ("the Engagement") contemplated by that certain letter agreement between Blackstone and BR dated December 9, 2011 ("Letter Agreement").

1. All capitalized terms that are used and are not otherwise defined herein shall have the meaning given to those terms in the Letter Agreement.
2. This Indemnification Agreement is for the benefit of Blackstone and its affiliates, and their respective partners, officers, directors, advisors, representatives, employees and agents and each of their respective successors and assigns (collectively, the "Indemnified Persons" and individually, an "Indemnified Person"). There are no other third-party beneficiaries of this Indemnification Agreement, intended or otherwise.
3. Except as expressly limited by Paragraph 4, Highmark agrees to indemnify each Indemnified Person, to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities and expenses (including, without limitation, fees and disbursements of counsel) incurred by them which relate to and arise out of the Engagement (collectively, "Losses").
4. Highmark will not be obligated to indemnify for any Losses to the extent that such Losses are found in a final judgment by a court of competent jurisdiction to have resulted from (i) the negligence, gross negligence, bad faith or willful misconduct of an Indemnified Person, or (ii) acts or omissions to act on the part of Blackstone or any other Indemnified Person that are or were in material breach of Blackstone's or the Indemnified Person's confidentiality obligations under the Letter Agreement.
5. As soon as reasonably practicable after receipt by an Indemnified Person of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, such person will notify Highmark in writing of such complaint or of the commencement of such action or proceeding, but failure to so notify us will relieve us from any liability which we may have hereunder only if, and to the extent that, such failure results in prejudice to Highmark, and will not in any event relieve Highmark from any other obligation or liability that we may have to any Indemnified Person otherwise than under this Indemnification Agreement. Highmark will have the right, but not the obligation, to assume the defense of such action or proceeding, including the employment of counsel selected by us. Highmark will consult with Blackstone about the counsel to be selected by Highmark for such purpose. We shall be responsible for the payment of the fees and disbursements of such counsel. If we assume the defense of such action or proceeding, any Indemnified Person may, nevertheless, employ separate counsel to

represent or defend them or it in any such action or proceeding at his or its own expense. If we do not assume the defense of such action or proceeding, we will pay the fees and disbursements of counsel for the Indemnified Persons, subject to our approval of such counsel which shall not be unreasonably withheld or delayed; provided, however, that we will not be required to pay the fees and disbursements of more than one separate counsel for all Indemnified Persons in any jurisdiction in any single action or proceeding. We shall have the right to settle and compromise a pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution is owed by us hereunder, subject to the prior written consent of each Indemnified Person involved in the matter which consent shall not be unreasonably withheld or delayed. We will not be bound by any settlement, compromise or consent to the entry of any judgment in respect of which indemnification is sought hereunder without our prior written consent, which will not be unreasonably withheld or delayed.

6. We agree that if any indemnification sought by an Indemnified Person pursuant to this Indemnification Agreement is held by a court to be unavailable for any reason other than the negligence, gross negligence bad faith or willful misconduct of, or material breach of the confidentiality provisions of the Letter Agreement by, an Indemnified Person, then (whether or not Blackstone is the Indemnified Person), we and Blackstone will contribute to the losses, claims, damages, liabilities and expenses for which such indemnification is held unavailable (i) in such proportion as is appropriate to reflect the relative benefits to us, on the one hand, and Blackstone, on the other hand, in connection with the engagement, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i), but also the relative fault of Highmark, on the one hand, and Blackstone on the other, as well as any other equitable considerations; provided, however, that in any event Blackstone's aggregate contribution to all losses, claims, damages, liabilities and expenses with respect to which contribution is available hereunder will not exceed the amount of fees actually received by Blackstone from us on behalf of the Department pursuant to the engagement (excluding any amounts received by Blackstone as reimbursement of expenses). It is agreed that it would not be just and equitable if contribution pursuant to this paragraph were determined by pro rata allocations by any other method which does not take into account the considerations referred to in this paragraph.
7. Except as otherwise provided in Paragraph 4, Highmark will reimburse any Indemnified Person hereunder for all expenses indemnified hereunder (including, without limitation, fees and disbursements of counsel) in connection with investigating, preparing or defending any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder, whether or not in connection with pending or threatened litigation in which any Indemnified Person is a party.
8. Highmark's obligations under this Indemnification Agreement shall be binding upon Highmark and its successors and assigns and shall be in addition to any rights that any Indemnified Person may have at common law or otherwise.
9. This Indemnification Agreement shall be deemed to have been entered into in the Commonwealth of Pennsylvania. This Indemnification Agreement and all controversies arising from or relating to performance under this Indemnification Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to such state's rules concerning conflicts of laws.
10. In executing this Indemnification Agreement, Highmark shall not be deemed to have acknowledged or agreed that the scope of Blackstone's engagement is necessary for purposes of the standards of

review applicable to the proposed consolidation and as set forth under applicable law, including Pennsylvania's Insurance Holding Company Act, 40 P.S. §§ 991.1401 et seq.

11. It is understood and agreed that the provisions of this Indemnification Agreement shall remain in full force and effect following the completion or termination of the engagement.

Very truly yours,

**HIGHMARK INC.**

By: Nanette P DeTurk  
Name: Nanette P DeTurk  
Title: EVP, CFO & Treasurer

**Agreed And Accepted:**  
**BLACKSTONE ADVISORY PARTNERS L.P.**

By: M Alderson Smith  
Martin Alderson Smith  
Senior Managing Director

EXHIBIT C

Highmark Inc.  
Subsidiary and Affiliated Companies

Caring Foundation  
First Priority Life Insurance Company, Inc.  
HCI, Inc.  
Highmark Foundation  
Highmark Medicare Services Inc.  
Highmark Senior Resources Inc.  
Highmark Ventures, Inc.  
    Gateway Health Plan, L.P.  
    Gateway Health Plan, Inc.  
    Gateway Health Plan of Ohio, Inc.  
    Intelimedix, LLC  
Highmark West Virginia Inc.  
    Parker Benefits, Inc.  
HM Health Insurance Company d/b/a Highmark Health Insurance Company  
HM Insurance Group, Inc.  
    Highmark Casualty Insurance Company  
    HM Benefits Administrators, Inc.  
    HM Broker Services, Inc.  
    HM Captive Insurance Company  
    HM Casualty Insurance Company  
    HM Life Insurance Company  
    Risk Based Solutions, LC  
    HM Life Insurance Company of New York  
HMO of Northeastern Pennsylvania, Inc. d/b/a First Priority Health  
HMPG Inc.  
    HMPG Properties North LLC  
    Lake Erie Medical Group PC  
    Physician Landing Zone PC  
    Promedix LLC  
    Trinity Supply Chain Services LLC  
HVHC Inc.  
    Davis-Vision, Inc.  
        Davis Vision IPA, Inc.  
        Empire Vision Center, Inc.  
    DVSC, Inc.  
    ECCA Holdings Corporation  
        Eye Care Centers of America, Inc.  
        Subsidiaries of Eye Care Centers of America, Inc.  
    Viva Optique, Inc.  
        Subsidiaries of Viva Optique, Inc.  
        Sub-Subsidiaries of Viva Optique, Inc.

Joint Venture Companies

- Inter-County Health Plan, Inc.
- Inter-County Hospitalization Plan, Inc.
- Preferred Health System, Inc.
- JEA, Inc.
- Jenkins Empire Associates (Partnership)
- Keystone Health Plans, Inc.
- Keystone Health Plan West, Inc.
- Employee Benefit Data Services Co. (eBDS)
- Union Benefits Management, Inc.
- National Institute for Health Care Management, Inc.
- The Independence Blue Cross and Highmark Blue Shield Caring Foundation for Children
- Standard Property Corporation
- United Concordia Companies, Inc.
- United Concordia Dental Corporation of Alabama
- United Concordia Dental Plans, Inc.
- United Concordia Dental Plans of California, Inc.
- United Concordia Life and Health Insurance Company
- United Concordia Insurance Company
- United Concordia Insurance Company of New York
- United Concordia Dental Plans of Florida, Inc.
- United Concordia Dental Plans of Kentucky, Inc.
- United Concordia Dental Plans of the Midwest, Inc.
- United Concordia Dental Plans of Pennsylvania, Inc.
- United Concordia Dental Plans of Texas, Inc.
- United Concordia Services, Inc.