

**BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA**

Statement Regarding the Acquisition of Control of or Merger with
Domestic Insurers.

Highmark Inc.; First Priority Life Insurance Company, Inc ;
Gateway Health Plan, Inc.; Highmark Casualty Insurance Company,
Highmark Senior Resources Inc.; HM Casualty Insurance Company;
HM Health Insurance Company, d/b/a Highmark Health Insurance Company;
HM Life Insurance Company; HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health; Inter-County Health Plan, Inc.;
Inter-County Hospitalization Plan, Inc ; Keystone Health Plan West, Inc.;
United Concordia Companies, Inc ; United Concordia Dental Plans of Pennsylvania, Inc ;
United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

**SUPPLEMENTAL RESPONSE TO PID INFORMATION REQUEST 4.6.16 FROM THE
PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 4.6.16:

**Provide a full and complete copy of each Highmark and WPAHS Entity's
investment plan and proposed changes to the plan and as a result of the Transaction.**

RESPONSE:

See attached

West Penn Allegheny Health System
30 Isabella St , Suite 300
Pittsburgh, PA 15212

Document Divider

INVESTMENT POLICY STATEMENT

for

**The West Penn Allegheny Health System
Pension Plans**

March 4, 2011

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Purpose

The purpose of this Investment Policy Statement (IPS) is to assist the plan's Investment Committee ("Committee") in effectively planning, overseeing, monitoring, and evaluating the management of the company's retirement plan (Plan) assets. The Plan's investment program is defined in the various sections of the IPS by:

- Stating in a written document the Committee's attitudes, expectations, objectives and guidelines for the investment of Plan assets.
- Setting forth an investment structure for managing Plan assets. This structure includes various asset classes, asset allocation policies and investment approaches. In total, the structure is expected to produce adequate diversification, meet relevant pension metrics as outlined in the statement of objectives and provide total investment return over a long-term horizon.
- Providing guidelines for each investment portfolio so that all Plan assets are managed in accordance with stated objectives.
- Encouraging effective communications between the Committee and service providers.
- Establishing formalized criteria to monitor and evaluate service provider results on a regular basis.
- Complying with all applicable laws, rules and regulations and fiduciary, prudence and due diligence requirements.

Background information

The Plan is a defined benefit plan. The Committee will discharge their responsibilities under the Plan solely in the long-term best interests of Plan participants and their beneficiaries. The Plan and the benefits provided thereunder are funded solely by Company contributions in accordance with specific Plan provisions.

Key information

Name of Plans:

- Retirement Plan for Eligible Non-Represented Employees of West Penn Allegheny Health System
- Retirement Plan for Eligible Represented Employees of West Penn Allegheny Health System

Plan Sponsor: West Penn Allegheny Health System

Actuary: Buck Consultants

Discretionary Investment Manager: Bank of America, N.A. utilizing Merrill Lynch UMA Platform

Custodian and Trustee: Bank of America, N.A.

Statement of objectives

The Committee will manage the Plan in a manner consistent with the provisions of the Employee Retirement Income Security Act of 1974, as amended, including its prohibited transactions Section 406, as it might affect investment management of Plan assets. The Investment Policy Statement (IPS) will establish an investment mix for the total fund in terms of targets, as well as acceptable ranges for exposure to equities, fixed-income and other appropriate investments.

The objectives of the Plan have been established in conjunction with an asset-liability modeling study, which provided a comprehensive review of the Plan's current and projected financial requirements. The objectives are:

- 1) Comply with applicable laws, rules and regulations and fiduciary, prudence and due diligence requirements.
- 2) Maintain ability to pay all benefit and expense obligations when due
- 3) Maintain flexibility in determining future contribution levels by attaining a 90% Funded Status Attainment Percentage
- 4) Monitor the interest rate sensitivity of the Plan's liability and incorporate assets that may reduce the Plan's funded status volatility as the plan's status improves over time

The Committee acknowledges that investment results are a critical component in achieving the Plan's funding and financial objectives and that reliance on contributions is a secondary element in reaching those objectives.

Investment policy guidelines

Time Horizon

The guidelines are based on an investment horizon of ten years, consistent with the asset/liability study's planning horizon and related capital market assumptions. Interim fluctuations in the financial position of the Plan are to be expected and should be viewed in the context of the long-term objectives and strategies of the Plan. The Plan's strategic allocation is based on this long-term perspective.




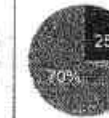

Short-term liquidity requirements should be maintained to the extent necessary to address net cash flows from contributions and Plan expenses and benefit payments.

Risk Tolerance

The Committee acknowledges that some risk in the value of the Plan assets must be assumed to achieve the Plan's long-term investment objectives.

De-risking Strategy

The performance of the Plan will be measured relative to two factors: the required rate of return and the Plan's funded status as noted in the table below:

Funded Status	Below 80%	80% (80 - 85%)	85% (85 - 90%)	90% (90 - 95%)	95% (Above 95%)
Equity & Alternatives / Debt*	60/40	50/50	40/60	30/70	20/80
Target Strategic Asset Allocation					
Expected Return on LDI Fixed Income	6.15%	6.15%	6.15%	6.15%	6.15%
Required Excess Return Above LDI Fixed Income Portfolio	1.90%**	1.60%	1.20%	0.90%	0.60%***
Total Required Return	8.05%	7.75%	7.35%	7.05%	6.75%
Expected Return on Portfolio*	8.07%	7.81%	7.52%	7.20%	6.85%
Expected Standard Deviation	10.56%	9.73%	9.23%	9.08%	9.35%

* Detailed portfolio allocations outlined in Appendix A.

** Percents shown above are for the funded status range 75% - 80%.

*** Percents shown above are for the funded status range 95% - 100%.

■ Equities ■ Fixed ■ Alternatives

The expected rate of return for the Plan has been based on a weighted average of the expected returns for each of the various sub-asset classes, weighted according to the neutral targets outlined in Appendix A.

The expected standard deviations for the Plan are reflective of the expected volatility of the assets. However, it is understood that as the plan becomes fully funded, asset volatility may actually increase again, but funded status volatility, our primary concern, will actually decline.

The policy statement provides investment managers discretion in structuring the portfolios for the Plan, so long as they satisfy diversification requirements. Accordingly, the managers have broad authority to move monies among the various sectors, industries, and individual securities within their respective strategies.

Asset Allocation Constraints

The Committee reviewed the long-term risk, return and correlation characteristics of various asset classes. The asset classes articulated in Appendix A were selected for inclusion in the asset mix since, as a group, they provide opportunity to pursue desired return objectives while offering diversification benefits.

The Plan's time horizon, risk tolerances, performance expectations and asset class preferences were used to estimate an efficient portfolio allocation at each funded status level.

Rebalancing of Strategic Allocation

Rebalancing fund allocation within the strategic allocation ranges for the various asset classes serves the purpose of maintaining the risk and expected return of the fund within parameters set by the Committee. Reallocations among asset classes and managers shall reflect the following considerations:

- Generally allocate toward maintaining the strategic allocation targets for the market-based funded status level measured in the month or quarter.
- The Committee may intervene in adjusting an existing asset mix when the risk and expected reward potential is perceived to be such that an asset class should be increased or decreased toward the approved policy maximum or minimum.
- Bank of America Merrill Lynch, as the “Chief Investment Officer” (CIO) selected by the Committee, has the authority to rebalance the portfolio within the asset allocation ranges stated herein when the risk and expected reward potential is perceived to be such that an asset class weighting should be tilted toward the approved policy maximum or minimum as identified in Appendix A.

Securities roles and guidelines

Domestic Equities

The Committee’s decision to invest in domestic equities is based on the expected benefits of investing in this higher returning asset class. Investments will be made in accordance with the following approved guidelines:

- The domestic equity manager will manage an equity-oriented portfolio with exposure primarily to domestic securities.

Performance will be evaluated against a relevant style-oriented index. It is expected that each active portfolio will achieve a return over a full market cycle in excess of the index.

International Equities

The Committee’s decision to diversify internationally is based on expected benefits of improved return from an increased investment universe and reduced volatility. Investments will be in accordance with the following approved guidelines:

- The international equity manager will manage an equity-oriented portfolio. This is not intended to preclude the tactical use of non-U.S. dollar denominated and dollar or non-dollar short-term investments maturing in 12 months or less.
- The international equity portfolio will provide ex-U.S. exposure that meets the diversification objectives for international investments. The international equity manager will refrain from investing in U.S. securities other than short-term investments.

- Currency exposure may be hedged into U.S. dollars or into other currencies in an amount not to exceed total investment (including cash) in any currency being hedged.

Performance will be evaluated against a relevant style-oriented index. It is expected that each active portfolio will achieve a return over a full market cycle in excess of the index.

Fixed Income

The Committee's decision to diversify into fixed-income investments is based on the expectation that allocations to this asset class will:

- Reduce volatility of the Plan's funded status,
- Provide liquidity for unanticipated cash needs, and
- Generate a relatively stable cash flow
- Reduce the volatility of the funded status by matching the duration with the Plan's liability
- The fixed income portfolio will maintain a minimum credit quality of triple B minus by S&P or Baa3 by Moody's (investment grade) or better.

Performance will be evaluated against a custom benchmark. It is expected that each active portfolio will achieve a return over a full market cycle in excess of the benchmark.

The duration of the Plan's liability will be recalculated annually based on updated cash flows provided by the Plan's actuary. The structure of the LDI fixed income managers/funds may be rebalanced annually to align with changes in the Plan's liability.

Alternative Investments

The Committee's decision to invest in alternative investments is based on the expectation of their portfolio diversification benefits and that they will provide higher risk-adjusted returns than equities or fixed income. Some investments may be less liquid than those of the other asset classes. Investments may be made in the following alternative investment categories:

- Real estate, including REITs.
- Commodities

Performance will be evaluated against a relevant style-oriented index. It is expected that each portfolio will achieve a return over a full market cycle in excess of the index.

Cash Equivalents

The Committee's decision to invest in cash equivalents is based on the need for adequate liquidity to meet fund obligations and to control exposure to investment risk. Emphasis will be on high-quality, shorter-term investments. Portfolio holdings will be sufficiently marketable to ensure that adequate cash can be provided on a same- or next-day notice, with no material impact on market value. Performance will be evaluated against a relevant style-oriented index. It is expected that each portfolio will achieve a return over a full market cycle in line with the index.

Control Procedures

Duties and Responsibilities of Investment Managers

The duties and responsibilities of each investment manager retained by the Committee include:

- 1) Manage Plan assets under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein, and also expressed in separate written agreements.
- 2) Acknowledge and agree in writing to its fiduciary status with regard to the Plan as required by Section 3(38) of ERISA, and acknowledge its responsibility to comply with the IPS set forth herein, and as modified in the future.
- 3) Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like retirement plans with like aims in accordance and compliance with ERISA and all applicable laws, rules and regulations from local, state, federal and international political entities as they pertain to fiduciary duties and responsibilities.
- 4) Exercise investment discretion within the IPS objectives and guidelines set forth herein and also expressed in separate written agreements.
- 5) Promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Plan, including the responsibility to vote proxies related to the investment manager's proprietary investment funds or to any company stock (Qualifying Employer Securities under ERISA) held in the Plan, unless voting responsibility has been reserved in writing to the Committee or its designee. The manager has the right hereunder to solicit proxy voting recommendations from an independent qualified party, on matters that might involve potential conflicts of interest in the performance of the manager's duties hereunder. Each manager shall keep detailed records of its proxy and corporate actions voting activities and comply with all regulatory obligations.
- 6) Comply at all times with the requirements of Section 3(38) of ERISA.
- 7) Maintain at all times a fiduciary bond to comply with Section 412 of ERISA.
- 8) All investments and activities must be undertaken in full compliance with the Plan's governing documents, unless document provisions violate ERISA.

Actuarial Policy

The Committee will review, at least annually, all major liability assumptions regarding number of participants, compensation, benefit levels and actuarial assumptions, and make changes it deems advisable.

Monitoring Investment Portfolios

Quarterly performance will be evaluated to assess progress toward attainment of longer-term objectives. The Committee understands that there are likely to be short-term periods during which investment performance results deviate from market and relevant style-oriented benchmarks. The Committee's review of each portfolio will focus on:

- 1) Adherence to IPS guidelines,
- 2) Material changes in the manager's organization, financial stability, investment philosophy and/or personnel,
- 3) Continued confidence in the investment manager, and
- 4) Performance comparisons with appropriate benchmarks as articulated in Appendix A
- 5) Quarterly tracking of the Plan's estimated funded status including the impact of interest rate movements
- 6) Annual review of changes in the Plan's duration as measured by cash flows produced by the Plan's actuary for use in refining the liability-driven strategies.
- 7) Annual review of the Plan's funded status in comparison with risk tolerance thresholds derived from the asset/liability study

Portfolio Restrictions

See Appendix B

Investment Policy Statement Modifications

The Committee shall review specific investment objectives and guidelines stated herein at least once annually. The Committee may modify this Investment Policy Statement in whole or in part at any time. The Committee shall communicate changes to this policy to investment managers and shall obtain written acknowledgement of the changes from the managers. All changes to the policy statement shall be in writing and signed by the Committee.

By: _____

Name: _____

Title: _____

APPENDIX A

adapted March 1, 2011

West Penn Allegheny Health System Pension Plan Strategic Asset Allocation Targets, Ranges and Benchmarks for Discretionary Portfolio

Funded Status Level:	Strategic Allocation					Relevant Benchmarks
	< 80%	80%	85%	90%	95%	
EQUITY TARGET	53.0%	43.75%	34.5%	24.75%	15.0%	
Range: Minimum to Maximum	43% to 63%	34% to 50%	25% to 45%	15% to 25%	5% to 25%	
Domestic Equities						
Large cap equities	32.00%	26.50%	21.00%	15.00%	9.00%	Large Cap Growth: Russell 1000 Growth, LC Core: S&P 500 Large Cap Value: Russell 1000 Value
Mid cap equities	5.00%	4.00%	3.00%	2.25%	1.50%	Mid Cap Core: Russell Mid Cap
Small cap equities	3.00%	2.50%	2.00%	1.50%	1.00%	Small Cap Growth: Russell 2000 Growth Small Cap Value: Russell 2000 Value
International Equities						
Developed	9.00%	7.50%	6.00%	4.25%	2.50%	International, Developed: Growth MSCI EAFE Growth, Core: MSCI EAFE International, Developed Value: MSCI EAFE Value
Emerging	4.00%	3.25%	2.50%	1.75%	1.00%	International Small/Mid: S&P Developed EX-US Under \$2 Billion International, Emerging Markets: MSCI Emerging Markets
FIXED INCOME TARGET	40.0%	50.0%	60.0%	70.0%	80.0%	
Range: Minimum to Maximum	35 to 45%	45% to 55%	55% to 65%	65% to 75%	75% to 85%	
LDI Fixed Income Portfolio	40.0%	50.0%	60.0%	70.0%	80.0%	WPAHS Custom LDI Fixed Income Benchmark
ALTERNATIVES TARGET	7.0%	6.3%	5.5%	5.3%	5.0%	
Range: Minimum to Maximum	4% to 11%	3.3% to 9.3%	2.5% to 8.5%	2.3% to 8.3%	2% to 8%	
Real Estate	4.50%	4.00%	3.50%	3.25%	3.00%	MSCI US REIT
Commodities	2.50%	2.25%	2.00%	2.00%	2.00%	Dow Jones UBS Commodity Index
CASH TARGET	0.0%	0.0%	0.0%	0.0%	0.0%	
Range: Minimum to Maximum	0% to 10%	0% to 10%	0% to 10%	0% to 10%	0% to 10%	ML 90 day T-bill
TOTALS	100%	100%	100%	100%	100%	
Blended Benchmarks						
	32.00%	26.50%	21.00%	15.00%	9.00%	Russell 1000
	5.00%	4.00%	3.00%	2.25%	1.50%	Russell MidCap
	3.00%	2.50%	2.00%	1.50%	1.00%	Russell 2000
	9.00%	7.50%	6.00%	4.25%	2.50%	MSCI EAFE
	4.00%	3.25%	2.50%	1.75%	1.00%	MSCI Emerging Markets
	40.00%	50.00%	60.00%	70.00%	80.00%	WPAHS Custom Fixed Income Benchmark
	4.50%	4.00%	3.50%	3.25%	3.00%	MSCI US REIT
	2.50%	2.25%	2.00%	2.00%	2.00%	Dow Jones UBS Commodity Index
	0.00%	0.00%	0.00%	0.00%	0.00%	ML 90 day T-bill
	100.00%	100.00%	100.00%	100.00%	100.00%	

Totals may not "true up" due to rounding.

Appendix B
Investment Policy Restrictions
WPAHS Pension Funds

Equities and Alternatives:

1. No more than 20 % of the market value of the non-fixed income portion of the portfolio may be invested with one manager other than at the Bank of America North America (BANA) level.
2. Securities issued by one company or enterprise, with the exception of direct and indirect obligations of the United States Government, shall not exceed 5% of the market value of the portfolio at the time of purchase (with the exception of mutual funds and ETFs).
3. All equity securities must be traded on globally recognized exchanges.
4. Investments in private equity is expressly prohibited.

Fixed Income Securities and Overall:

1. The duration of the LDI portfolio must remain within a +/- 5% tolerance band of the duration of the liability benchmark.
2. Sector weights must remain within a +/- 15 percentage point tolerance band of the of those of the liability benchmark
3. At the time of purchase, the minimum rating assigned by a recognized ratings agency (Moody's, S&P, Fitch) to a bond or note shall be Baa3, BBB- or BBB- respectively.
4. Investment in 144A securities shall not exceed 10% of the market value of the portfolio.
5. Investments in leveraged investment vehicles which may be in the form of hedge funds, CLOs, ETFs and CDOs are expressly prohibited. (This prohibition is not intended to preclude structured notes where the structure is limited to prioritization of cash flows)
6. Synthetic securities or commodity pools where the notional denomination of derivatives exceeds the principal amount of the investment are expressly prohibited. (This prohibition is not intended to preclude the traditional convertible preferred stock or convertible capital note even though the stated conversion value exceeds the original principal of the security)
7. The use of derivatives, except coincident with permitted synthetic securities or commodity pools or to hedge identified market risk exposures arising from other existing portfolio investments, is prohibited. Forwards contracts, option contracts as well as exchange traded futures and options, are considered derivatives for this purpose.

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Investment Policy Statement

for

**The West Penn Allegheny Health System
Permanently Restricted Funds**

September 26, 2011

West Penn Allegheny Health System
Investment Policy – WPAHS Permanently Restricted Funds

I. Purpose

This policy serves to document the applicable objectives, investment activities and portfolio parameters for the investment of Permanently Restricted Funds (the Plan) managed on behalf of the West Penn Hospital Foundation, the Forbes Health Foundation, the Alle-Kiski Medical Center Trust, Allegheny General Hospital and Allegheny Singer Research Institute by the West Penn Allegheny Health System.

II. Objective

To maximize the sustainable long-term total return of financial assets consistent with the fiduciary standards of a prudent investor. As a result, current income and growth of the funds are the primary objectives of the Plan. The Plan's ability to achieve these returns will depend upon the ability to accept moderate risk, recognizing that a reasonable degree of volatility in market value is necessary to achieve long-term capital appreciation.

III. Asset Allocation Range

In recognition of the expected returns and volatility from financial assets, the portfolio will be invested in the following ranges with the target allocation noted:

	<u>Target</u>	<u>Range</u>
Equities	65%	55– 75%
Fixed Income	35%	25 – 45%

The midpoints of the above ranges will be considered the long-term targets or policy allocation. Any deviations beyond this mix of securities must have prior approval by the Investment Committee. Allocations to cash equivalents are to be considered a subset of the Fixed Income allocation.

The Investment Advisor, within the above ranges, will make all tactical asset allocation decisions (over- and under-weights).

IV. Equity Guidelines

Objective – Achieve long term returns which exceed those of the overall equity market.

In evaluating long-term (full market cycle) performance, overall equity returns inclusive of dividends will be compared to the S&P 500.

In recognition of the expected returns and volatility provided by different segments of the equity market, the equity assets will be invested in the following ranges:

	<u>Range</u>
Large Cap Domestic Equity	20 – 70%
Mid Cap Domestic Equity	5 – 25%
Small Cap Domestic Equity	5 – 25%
International Equity	5 – 25%

The equity assets will be managed in accordance with the following:

- The equity investment in any single company should not exceed 5% of the total equity assets. Investments in mutual funds would not be subject to this limit.
- The equity component of the portfolio may be comprised of individual equity selections. Additionally, the manager may invest in mutual funds, common trust funds or any similar equity fund designed to achieve the long term goals stated herein.
- Utilization of Index Mutual Funds in the Equity allocation is permitted.

V. Fixed Income Guidelines

Objective – To provide additional long-term performance and to help provide current income from the overall portfolio.

Fixed Income returns will be compared to the Barclays Intermediate Government/Credit Bond Index. It is expected that fixed income performance will achieve a return over a full market cycle in excess of the benchmark.

The fixed income assets will be managed in accordance with the following:

- There is a 5% limit on the market value of any one individual bond issuer except for U.S. Treasuries.
- The average maturity of the bond portfolio should be within the range of 2-7 years. The investment manager will have full discretion to determine the average maturity within this range.
- The maximum maturity at the time of purchase for individual U.S. Treasuries, Government Agencies, corporate bonds, mortgage-backed securities (MBS) and asset-backed securities (ABS) rated AA or better will be 30 years. All others will be 10 years.
- Fixed Income type securities are limited to investment grade and I44A securities.
- Fixed Income mutual funds may be used to further enhance diversification, provide better coverage of the yield curve, and/or improve liquidity.

VI. Cash Equivalents

Objective – to provide for a source of cash to be transferred to the owner-entities for use in accordance with their respective donor restrictions.

The cash transfer will occur once a month and will function in a manner similar to the 8113 election used by Charitable Trusts. The Investment Manager will be notified annually in advance by an Investment Committee Representative, with respect to the percentage value of the plan to be distributed. In no event shall the percentage be less than 2% nor more than 7% per year.

Emphasis will be on high-quality, short-term investments. Portfolio holdings will be sufficiently marketable to ensure that adequate cash can be transferred to the owner-entities on a monthly basis.

Performance will be evaluated against a relevant style-oriented index. It is expected that cash equivalent performance will achieve a return over a full market cycle in line with the index.

VII. Prohibited Investments

Without the prior approval of the Investment Committee prohibited investments include

- Fixed Income securities not denominated in U.S. Dollars or Eurodollars
- Venture Capital or Private Equity

- Guaranteed Insurance Contracts
- Commodities
- Precious Metals or Gems
- Options, futures, or any contract whose value is derived from the price of an underlying asset or index (Derivatives)
- Short-selling and other hedging strategies

VIII. Portfolio Review

In order to ensure that the guidelines established herein are being adequately met and to review the continued appropriateness of said guidelines, a meeting between Fund Representatives and the Investment Manager shall be held at least annually with additional meetings as may be required. During such meetings, a general review of the investment performance of the portfolio shall be conducted taking into consideration the long term goals and objectives of the account, as well as the existing environment of the financial markets.

IX. Approval

Approved by:

WPAHS Investment Committee
(copies of approved minutes attached)

September 26, 2011
Date

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West Penn Allegheny Health System

INVESTMENT POLICY and GUIDELINES

May 15, 2008

WPAHS-000515

West Penn Allegheny Health System
INVESTMENT POLICY and GUIDELINES

May 15, 2008

RETIREMENT PLAN

**WEST PENN ALLEGHENY HEALTH SYSTEM:
Retirement Plan
Summary of Investment Policy & Guidelines
May, 2008**

Purpose

The purpose of the retirement plan for the employees of WPAHS is to provide for the benefit obligations earned by employees during their career with WPAHS entities.

**Investment
Objectives/
Risk Tolerance**

Maximum total return with strong emphasis on preservation of capital in real terms. Assets should participate in rising markets, with defensive action in declining markets expected to an even greater degree. The total portfolio is expected to be less volatile than the market the vast majority of the time although individual manager's portfolios may be characterized by higher levels of volatility.

**Performance
Standards**

For the Retirement Plan overall, a minimum annualized real return of 3% more than the Gross National Product price deflator over any three year period. For each manager, comparison against relevant market indices and Evaluation Associates databases. When results fall below the median in any one calendar year, the manager will be viewed critically, unless unusual circumstances precipitated such results.

**Portfolio
Restrictions**

General

No more than 25% of the portfolio at market value invested by each manager, with the exclusion of a maximum 60% balanced core position.

No more than 20% of the portfolio at market value in one general industry.

No more than 7% of the portfolio at market value in the securities of one company.

There are no limits on the use of U.S. government, agency or guaranteed issues.

The Retirement Plan holds the investment managers responsible for voting proxies.

The Retirement Plan may specify use of specific brokerage firms subject to best execution and competitive commissions.

Equity managers may use high quality fixed income securities if they judge these to provide expected returns superior to common stock.

Investment managers are prohibited from investing in securities of companies which are directly involved in the tobacco industry; i.e. companies that are producing, selling, distributing and/or promoting tobacco products.

**Portfolio
Restrictions cont'd**

Common Stocks, Preferred & Convertibles (U.S.)

All securities must be listed on NYSE, Amex or OTC Exchanges.

No more than 5% of the portfolio at market value in any one security.

No more than 3% of the outstanding shares of any one corporation.

Minimum acceptable capitalization of companies considered for investment is \$100 million.

Common Stocks, Preferred & Convertibles (Non-U.S.)

All securities must be listed on national exchanges; also securities that trade in the U.S. markets as American Depository Receipts.

At any time, no more than 5% of the portfolio at market value in any one security.

At any time, no more than 1% of the outstanding shares of any one corporation.

The maximum weighting of any country in the portfolio should not exceed 40%.

At all times, a minimum equity exposure of 5 countries is required.

Minimum acceptable capitalization of companies considered for investment is \$500 million.

Forward purchases or sales of currencies, including cross currency hedges are permitted to protect or enhance the U.S. dollar value of the account. The use of derivative instruments such as currency futures or options for currency shall also be permitted upon completion of any necessary disclosure or other documentation. No speculative hedging will be permitted.

Fixed Income Securities (U.S.)

There are no limits on the use of U.S. Government, agency or government guaranteed issues.

Minimum BBB- rating by Standard & Poor's, Moody's or Fitch for corporate, Yankee and Eurodollar bonds and notes, including floating rate notes. In the event of a split rating, the higher rating will apply.

Mortgage backed securities issued by GNMA, FNMA, and FHLMC, and collateralized mortgage obligations backed by GNMA, FNMA and FHLMC pools and commercial mortgages.

No more than 5% at market value in a single issue, 10% in an issuer.

The average duration of the portfolio should not exceed that of the Lehman Brothers Long Government/Credit Index by more than 20%.

No more than 10% of the portfolio at market value may be invested in IOs, POs, inverse floaters or residual tranches of CMOs, including those in closed-end bond funds. No one position in any of these securities should exceed 2% of the market value.

No more than 20% at market value in 144A securities.

**Portfolio
Restrictions cont'd**

Fixed Income Securities (non-U.S.)

No more than 20% of the portfolio at market value in total foreign securities, including a maximum of 5% at market in issues other than Canadian, U.K., Japanese, Australian, Scandinavian or European monetary systems (EMS) bloc governments and their agencies and supra-national borrowers in local currency or ECU. Emerging market debt denominated in US dollars is permissible within the 5% limit, with a maximum 2% position. The use of forwards, futures and options for interest rate and currency hedging is permitted but not for speculative purposes or to the extent that a leveraged position is established.

Cash Equivalents (maturity of one year or less)

No more than 5% of the portfolio at market value in one issue, no more than 10% in one issuer. Certificates of deposit and bankers acceptances with major money center banks that are members of the Federal Reserve System and insured by FDIC. Repurchase agreements with major money center banks and broker/dealer that are members of the Federal Reserve System, must be collateralized to at least 102%. Commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. Money market funds or similar investment vehicle in existence for at least 3 years with restricted investments in short-term instruments rated A-1 by Standard & Poor's and P-1 by Moody's, if outside of Trustee's STIF.

Structured Notes

All notes must be guaranteed by the issuer to return 100% of principal. There can be no leveraging of principal. Minimum issuer credit rating must be AA/Aa or higher. The maximum final maturity for any issue must be two years or less. No commodity based notes are permitted (e.g. notes linked to oil, precious metals or commodity index prices and currency); all notes must be based on interest rates within developed markets.

Futures and Options

Futures and options must be used for hedging purposes only, against existing positions or to adjust duration or yield curve management. Naked option writing is not permitted. Long futures positions may be used in place of cash market securities (e.g. treasury futures purchased in place of buying long treasury bonds). No leverage permitted.

**Absolute
Restrictions**

No: Short sales; options (puts, calls, or straddles); unbundled stock units; margin purchases or other use of lending or borrowing money; letter stock; private or direct placements; commodities; direct ownership of real estate, mortgages, short-term securities of the custodian bank, investment managers or affiliated companies; securities lending; purchase or other direct interest in gas, oil, or other mineral exploration or development programs.

**Separate
Agreements
with Managers**

Assets invested in commingled funds or institutional mutual funds cannot be bound by these guidelines, however, the fund guidelines are aligned with the spirit of this document.

Assets in a hedge fund of funds structure cannot be entirely bound by these guidelines, and may utilize short selling and margin strategies and invest in commodities.

WAMCO: Commingled vehicles are permitted investments subject to prior approval.

Communications

The Investment Committee requires a continual awareness of the Fund's activity and position, both on an absolute and relative basis. To accomplish this, the following should be sent to the Investment Committee or representative thereof:

Monthly

Summary transaction registers and asset valuations provided by the custodian.

Quarterly

Summary transaction registers and asset valuations provided by the custodian.

Written report in sufficient detail and commentary so that the Investment Committee is apprised of Fund status and any changes in philosophy or investment strategy.

Annually

Contact with each manager to discuss performance results, economic outlook, investment strategy, organizational changes and other pertinent matters.

Other

Timely telephone and/or letter advice from the manager when information of an important nature, such as unusual market activity (oil embargo, monetary crisis, etc.) is causing, or may cause, material impact on the portfolio.

**WEST PENN ALLEGHENY HEALTH SYSTEM:
Investment Manager Objectives
May, 2008**

Retirement Plan

	Objective #1	Objective #2
EQUITY – LARGE CAP GROWTH Goldman Sachs Montag & Caldwell	Perform above median consistently over a three year rolling period compared to the EAI universe of large cap growth style equity investment managers.	Exceed the Russell 1000 Growth Index by 100 basis points annually over a three year rolling period
EQUITY - LARGE CAP VALUE Institutional Capital ;	Perform above median consistently over a three year rolling period compared to the EAI universe of large cap value style equity investment managers.	Exceed the Russell 1000 Value Index by 100 basis points annually over a three year rolling period.
EQUITY - SMALL CAP CORE Columbia Acorn	Perform above median consistently over a three year rolling period compared to the EAI universe of small cap core style equity investment managers	Exceed the Russell 2000 Index by 100 basis points annually over a three year rolling period.
EQUITY - SMALL CAP GROWTH Century Capital	Perform above median consistently over a three year rolling period compared to the EAI universe of small cap growth style equity investment managers.	Exceed the Russell 2000 Growth Index by 100 basis points annually over a three year rolling period.
INTERNATIONAL EQUITY		
Developed Markets: Morgan Stanley	Perform above median consistently over a three year rolling period compared to the EAI universe of non-U S value style equity investment managers.	Exceed the MSCI EAFE Index by 100 basis points annually over a three year rolling period
Emerging Markets: Morgan Stanley	Perform above median consistently over a three year rolling period compared to the EAI universe of international emerging market equity investment managers.	Exceed the MSCI EM Index by 100 basis point annually over a three year rolling period.

Continued,	Objective #1	Objective #2
FIXED INCOME Western Asset Management (WAMCO)	Perform above median consistently over a three year rolling period compared to the EAI universe of long duration fixed income investment managers	Exceed the Lehman Brothers Long Government/Credit Index by 50 basis points annually over a three year rolling period.
GLOBAL TACTICAL ASSET ALLOCATOR Mellon Capital	Perform above median consistently over a three year rolling period compared to the EAI universe of global balanced managers.	Exceed a composite index of 60% MSCI World Equity / 40% Citigroup World Government Bond annually over a three year rolling period.
GLOBAL REITS Cohen & Steers European Investors	Perform above median consistently over a three year rolling period compared to the EAI universe of global REIT managers	Exceed the NAREIT Global Index by 100 basis points annually over a three year rolling period
ALTERNATIVES Low Volatility Atlasus Capital	Perform above median consistently over a three year rolling period compared to the EAI universe of low volatility hedge fund of funds.	Exceed the ML 91 Day T-Bill Index +5.0% annually over a three year rolling period
Multi-Strategy: Archstone Partners Federal Street Partners	Perform above median consistently over a three year rolling period compared to the EAI universe of multi-strategy hedge fund of funds.	Exceed the ML 91 Day T-Bill Index +5.0% annually over a three year rolling period

SUMMARY

Asset Allocation Policy

ASSET CLASS	TARGET POLICY % OF TOTAL	DESIRED RANGE	STYLES	LONG TERM BENCHMARK
<i>EQUITY</i>	28%	20-50%	11% Large Cap Value 11% Large Cap Growth 3% Small Cap Core 3% Small Cap Growth	Russell 1000 Value + 1% Russell 1000 Growth + 1% Russell 2000 + 1% Russell 2000 Growth + 1%
<i>INTERNATIONAL EQUITY</i>	18%	10-25%	13% Developed Markets 5% Emerging Markets	MSCI EAFE + 1% MSCI EM +1%
<i>FIXED INCOME</i>	25%	15-35%	Long Duration	Lehman Bros. LongGovt/Credit + 0.5%
<i>ASSET ALLOCATION</i>	16%	10-30%	Global Model Driven Allocation to Stocks/Bonds/Cash	60% MSCI World Equity / 40% Citigroup World Govt Bond
<i>ALTERNATIVES</i>	8%	0-15%	Hedge Fund of Funds	ML 91 day T-bill + 5.0%
<i>REITs</i>	5%	0-10%	Global Diversified	NAREIT Global +1%

SUMMARY

Investment Management Structure

MANAGER	INCEPTION DATE	STYLE	PRIMARY INDEX
EQUITY			
Goldman Sachs	9/2002	Large Cap Growth	Russell 1000 Growth + 1%
Montag & Caldwell	9/2002	Large Cap Growth	Russell 1000 Growth + 1%
ICAP	6/2000	Large Cap Value	Russell 1000 Value + 1%
Columbia Acorn	7/1990	Small Cap Core	Russell 2000 + 1%
Century Capital	3/2005	Small Cap Growth	Russell 2000 Growth + 1%
INTERNATIONAL EQUITY			
Morgan Stanley	9/2000	Developed Markets	MSCI EAFE + 1%
Morgan Stanley	12/2001	Emerging Markets	MSCI EM + 1%
FIXED INCOME			
WAMCO	6/2007	Long Duration Bond	Lehman Brothers Long Government/Credit Index + 0.5%
ASSET ALLOCATION			
Mellon Capital	2/2007	Global Model driven allocation to Stocks/Bonds/Cash	60% MSCI World Equity / 40% Citigroup World Govt Bond
GLOBAL REITS			
Cohen & Steers	3/2007	Global REITs	NAREIT Global R.E. +1%
European Investors	3/2007	Global REITs	NAREIT Global R.E. +1%
LIQUID ASSETS			
Standish Mellon	9/1988	Cash Equivalents	ML 91-day T-Bills
ALTERNATIVES			
Attalus Capital	6/2005	Low Volatility Hedge Fund of Funds	ML 91-day T-Bills + 5.0%
Archstone Partners	12/2007	Multi-Strategy Hedge Fund of Funds	ML 91-day T-Bills + 5.0%
Federal Street	12/2007	Multi-Strategy Hedge Fund of Funds	ML 91-day T-Bills + 5.0%

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May, 2008

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West Penn Allegheny Health System
INVESTMENT POLICY and GUIDELINES

May 15, 2008

FUNDED DEPRECIATION
SPECIAL PURPOSE
NON-PENSION

**WEST PENN ALLEGHENY HEALTH SYSTEM:
Summary of Investment Policy & Guidelines
September, 2005**

WPH, Forbes Campus Special Purpose
AGH/ASRI Non-Pension
AKMC Funded Depreciation
WPH, Forbes Campus Funded Depreciation
CGH Funded Depreciation

Purpose

The purpose of the WPH, Forbes Campus Special Purpose Fund and the AGH/ASRI Non-Pension Master Trust is to conservatively invest liquid assets until such time as the donor's restriction has been satisfied at which time the assets are transferred to the respective hospital's operating accounts.

The purpose of the funded depreciation accounts is to provide for the long-term capital of the respective hospitals.

**Investment
Objectives/
Risk Tolerance**

Strong emphasis on preservation of capital in real terms with defensive action in declining markets and limited participation in rising markets. The total portfolio is expected to be less volatile than the market the vast majority of the time although individual manager's portfolios may be characterized by higher levels of volatility

**Performance
Standards**

For the fund, consistency of return and protection against loss of principal are of paramount importance. For each manager, comparison against relevant market indices and Evaluation Associates databases. When results fall below the median in any one calendar year, the manager will be viewed critically, unless unusual circumstances precipitated such results.

**Portfolio
Restrictions**

General

No more than 20% of the portfolio at market value in one general industry.

There are no limits on the use of U.S. government, agency or guaranteed issues.

Investment managers are prohibited from investing in securities of companies which are directly involved in the tobacco industry; i.e. companies that are producing, selling, distributing and/or promoting tobacco products.

**Portfolio
Restrictions cont'd**

Fixed Income Securities (U.S.)

There are no limits on the use of U.S. Government, agency or government guaranteed issues. Minimum BBB rating by Standard & Poor's or Moody's for corporate, Yankee and Eurodollar bonds and notes, including floating rate notes.

Mortgage backed securities issued by GNMA, FNMA, and FHLMC, and collateralized mortgage obligations backed by GNMA, FNMA and FHLMC pools and commercial mortgages.

No more than 5% at market value in a single issue, 10% in an issuer.

The average duration of the portfolio should not exceed that of the target index by more than 20%.

No more than 10% of the portfolio at market value may be invested in IOs, POs, inverse floaters or residual tranches of CMOs, including those in closed-end bond funds. No one position in any of these securities should exceed 2% of the market value.

No more than 20% at market value in 144A securities.

The portfolio must maintain an average quality rating of AA or better

Fixed Income Securities (non-U.S.)

No more than 20% of the portfolio at market value in total foreign securities, including a maximum of 5% at market in issues other than Canadian, U.K., Japanese, Australian, Scandinavian or European monetary systems (EMS) bloc governments and their agencies and supra-national borrowers in local currency or ECU. Emerging market debt denominated in US dollars is permissible within the 5% limit, with a maximum 2% position.

The use of forwards, futures and options for interest rate and currency hedging is permitted but not for speculative purposes or to the extent that a leveraged position is established.

Cash Equivalents (maturity of one year or less)

No more than 5% of the portfolio at market value in one issue, no more than 10% in one issuer.

Certificates of deposit and bankers acceptances with major money center banks that are members of the Federal Reserve System and insured by FDIC.

Repurchase agreements with major money center banks and broker/dealer that are members of the Federal Reserve System, must be collateralized to at least 102%.

Commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's.

Money market funds or similar investment vehicle in existence for at least 3 years with restricted investments in short-term instruments rated A-1 by Standard & Poor's and P-1 by Moody's, if outside of Trustee's STIF.

Structured Notes

All notes must be guaranteed by the issuer to return 100% of principal

There can be no leveraging of principal.

Minimum issuer credit rating must be AA/Aa or higher.

The maximum final maturity for any issue must be two years or less.

No commodity based notes are permitted (e.g. notes linked to oil, precious metals or commodity index prices and currency); all notes must be based on interest rates within developed markets.

Futures and Options

Futures and options must be used for hedging purposes only.

Naked option writing is not permitted.

Long futures positions may be used in place of cash market securities (e.g. treasury futures purchased in place of buying long treasury bonds).

**Absolute
Restrictions**

No: Common stock; preferred stock, convertible bonds; short sales; options (puts, calls, or straddles); unbundled stock units; margin purchases or other use of lending or borrowing money; letter stock; private or direct placements; commodities; direct ownership of real estate, mortgages, or REITs; short-term securities of the custodian bank, investment managers or affiliated companies; securities lending; purchase or other direct interest in gas, oil, or other mineral exploration or development programs.

**Separate
Agreements
with Managers**

Assets invested in commingled funds or institutional mutual funds cannot be bound by these guidelines, however, the fund guidelines are aligned with the spirit of this document.

Communications

The Investment Committee requires a continual awareness of the Fund's activity and position, both on an absolute and relative basis. To accomplish this, the following should be sent to the Investment Committee or representative thereof:

Monthly

Summary transaction registers and asset valuations provided by the custodian.

Quarterly

Summary transaction registers and asset valuations provided by the custodian.

Written report in sufficient detail and commentary so that the Investment Committee is apprised of Fund status and any changes in philosophy or investment strategy.

Annually

Contact with each manager to discuss performance results, economic outlook, investment strategy, organizational changes and other pertinent matters.

Other

Timely telephone and/or letter advice from the manager when information of an important nature, such as unusual market activity (oil embargo, monetary crisis, etc.) is causing, or may cause, material impact on the portfolio.

WEST PENN ALLEGHENY HEALTH SYSTEM:
Investment Manager Objectives
September, 2005

WPH, Forbes Campus Special Purpose
AGH/ASRI Non-Pension
AKMC Funded Depreciation
WPH, Forbes Campus Funded Depreciation
CGH Funded Depreciation

	Objective #1	Objective #2
FIXED INCOME C.S. McKee	Perform above median consistently over a three year rolling period compared to the EAI universe of short duration fixed income investment managers.	Exceed the LB Intermediate Government Credit Index by 25 basis points annually over a three year rolling period.
FIXED INCOME Allegiant/National City	Perform above median consistently over a three year rolling period compared to the EAI universe of short duration fixed income investment managers.	Exceed the ML 1-3 Yr U.S. Corporate & Government Index by 25 basis points annually over a three year rolling period.
LIQUID ASSETS	--	ML 91 Day T-Bills

WEST PENN ALLEGHENY HEALTH SYSTEM:
WPH, Forbes Campus Special Purpose
AGH/ASRI Non-Pension
AKMC Funded Depreciation
WPH Forbes Campus Funded Depreciation
CGH Funded Depreciation

SUMMARY

Asset Allocation Policy

ASSET CLASS	TARGET POLICY % OF TOTAL	DESIRED RANGE	STYLES	LONG TERM BENCHMARK
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FIXED INCOME

100%

90% - 100%

Intermediate Duration
Short Duration

LB Intermediate Govt. Credit Index + 0.25%
ML 1-3yr. Corp. & Govt. Index + 0.25%

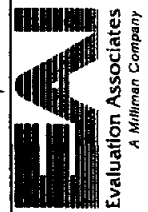
LIQUID ASSETS

0%

0% - 10%

Cash Equivalents

ML 91-Day T-Bills



WEST PENN ALLEGHENY HEALTH SYSTEM :
 WPH Forbes Campus Special Purpose
 AGH/ASRI Non-Pension
 AKMC Funded Depreciation
 WPH Forbes Campus Funded Depreciation
 CGH Funded Depreciation

SUMMARY

Investment Management Structure

MANAGER	INCEPTION DATE	STYLE	PRIMARY INDEX
FIXED INCOME			
C.S. McKee Allegiant/National City	11/1990 6/2004	Intermediate Duration Short Duration	LB Intermediate Government Credit Index + 0.25% ML 1-3yr. Corporate & Government Index + 0.25%
LIQUID ASSETS	9/1997	Cash Equivalents	ML 91 Day T-Bills



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West Penn Allegheny Health System
INVESTMENT POLICY and GUIDELINES

May 15, 2008

WPH FOUNDATION

WPAHS-000532

**WEST PENN ALLEGHENY HEALTH SYSTEM:
Summary of Investment Policy & Guidelines
May, 2008**

WPH Foundation

Purpose	<p>The purpose of the Foundation investment accounts is to provide for the long-term capital needs of the Western Pennsylvania Hospital and West Penn Allegheny Health System.</p>
Investment Objectives/ Risk Tolerance	<p>Maximum total return with strong emphasis on preservation of capital in real terms. Assets should participate in rising markets, with defensive action in declining markets expected to an even greater degree. The total portfolio is expected to be less volatile than the market the vast majority of the time although individual managers portfolios may be characterized by higher levels of volatility.</p>
Performance Standards	<p>For the Foundation's overall, a minimum annualized real return of 3% more than the Gross National Product price deflator over any three year period. For each manager, comparison against relevant market indices and Evaluation Associates databases. When results fall below the median in any one calendar year, the manager will be viewed critically, unless unusual circumstances precipitated such results.</p>
Portfolio Restrictions	<p><u>General</u> No more than 25% of the portfolio at market value invested by each manager, with the exclusion of a maximum 60% balanced core position. No more than 20% of the portfolio at market value in one general industry. No more than 7% of the portfolio at market value in the securities of one company. There are no limits on the use of U.S. government, agency or guaranteed issues. The Foundation holds the investment managers responsible for voting proxies. The Foundation may specify use of specific brokerage firms subject to best execution and competitive commissions. Equity managers may use high quality fixed income securities if they judge these to provide expected returns superior to common stock. Investment managers are prohibited from investing in securities of companies which are directly involved in the tobacco industry; i.e. companies that are producing, selling, distributing and/or promoting tobacco products.</p>

**Portfolio
Restrictions cont'd**

Common Stocks, Preferreds & Convertibles (U.S.)

All securities must be listed on NYSE, Amex or OTC Exchanges.
No more than 5% of the portfolio at market value in any one security.
No more than 3% of the outstanding shares of any one corporation.
Minimum acceptable capitalization of companies considered for investment is \$100 million

Common Stocks, Preferred & Convertibles (Non-U.S.)

All securities must be listed on national exchanges; also securities that trade in the U.S. markets as American Depository Receipts.
At any time, no more than 5% of the portfolio at market value in any one security.
At any time, no more than 1% of the outstanding shares of any one corporation.
The maximum weighting of any country in the portfolio should not exceed 40%.
At all times, a minimum equity exposure of 5 countries is required.
Minimum acceptable capitalization of companies considered for investment is \$500 million.
Forward purchases or sales of currencies, including cross currency hedges are permitted to protect or enhance the U.S. dollar value of the account. The use of derivative instruments such as currency futures or options for currency shall also be permitted upon completion of any necessary disclosure or other documentation. No speculative hedging will be permitted.

Fixed Income Securities (U.S.)

There are no limits on the use of U.S. Government, agency or government guaranteed issues.
Minimum BBB- rating by Standard & Poor's or Moody's for corporate, Yankee and Eurodollar bonds and notes, including floating rate notes.
Mortgage backed securities issued by GNMA, FNMA, and FHLMC, and collateralized mortgage obligations backed by GNMA, FNMA and FHLMC pools and commercial mortgages.
No more than 5% at market value in a single issue, 10% in an issuer.
The average duration of the portfolio should not exceed that of the Lehman Brothers Aggregate Bond Index by more than 20%.
No more than 10% of the portfolio at market value may be invested in IOs, POs, inverse floaters or residual tranches of CMOs, including those in closed-end bond funds. No one position in any of these securities should exceed 2% of the market value.
No more than 20% at market value in 144A securities.

**Portfolio
Restrictions cont'd**

Fixed Income Securities (non-U.S.)

No more than 20% of the portfolio at market value in total foreign securities, including a maximum of 5% at market in issues other than Canadian, U.K., Japanese, Australian, Scandinavian or European monetary systems (EMS) bloc governments and their agencies and supra-national borrowers in local currency or ECU. Emerging market debt denominated in US dollars is permissible within the 5% limit, with a maximum 2% position.

The use of forwards, futures and options for interest rate and currency hedging is permitted but not for speculative purposes or to the extent that a leveraged position is established.

Cash Equivalents (maturity of one year or less)

No more than 5% of the portfolio at market value in one issue, no more than 10% in one issuer.

Certificates of deposit and bankers acceptances with major money center banks that are members of the Federal Reserve System and insured by FDIC.

Repurchase agreements with major money center banks and broker/dealer that are members of the Federal Reserve System, must be collateralized to at least 102%.

Commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's.

Money market funds or similar investment vehicle in existence for at least 3 years with restricted investments in short-term instruments rated A-1 by Standard & Poor's and P-1 by Moody's, if outside of Trustee's STIF.

Structured Notes

All notes must be guaranteed by the issuer to return 100% of principal.

There can be no leveraging of principal.

Minimum issuer credit rating must be AA/Aa or higher.

The maximum final maturity for any issue must be two years or less.

No commodity based notes are permitted (e.g. notes linked to oil, precious metals or commodity index prices and currency); all notes must be based on interest rates within developed markets.

Futures and Options

Futures and options must be used for hedging purposes only, against existing positions or to adjust duration or yield curve management.

Naked option writing is not permitted.

Long futures positions may be used in place of cash market securities (e.g. treasury futures purchased in place of buying long treasury bonds)

No leverage permitted.

**Absolute
Restrictions**

No: Short sales; options (puts, calls, or straddles); unbundled stock units; margin purchases or other use of lending or borrowing money; letter stock; private or direct placements; commodities; direct ownership of real estate, mortgages, short-term securities of the custodian bank, investment managers or affiliated companies; securities lending; purchase or other direct interest in gas, oil, or other mineral exploration or development programs.

**Separate
Agreements
with Managers**

Assets invested in commingled funds or institutional mutual funds cannot be bound by these guidelines, however, the fund guidelines are aligned with the spirit of this document.

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Annually

Contact with each manager to discuss performance results, economic outlook, investment strategy, organizational changes and other pertinent matters.

Other

Timely telephone and/or letter advice from the manager when information of an important nature, such as unusual market activity (oil embargo, monetary crisis, etc.) is causing, or may cause, material impact on the portfolio.

**WEST PENN ALLEGHENY HEALTH SYSTEM:
Investment Manager Objectives
May, 2008**

WPH Foundation

	Objective #1	Objective #2
EQUITY – LARGE CAP GROWTH Montag & Caldwell	Perform above median consistently over a three year rolling period compared to the EAI universe of large cap growth style equity investment managers.	Exceed the Russell 1000 Growth Index by 100 basis points annually over a three year rolling period.
EQUITY - LARGE CAP VALUE Institutional Capital	Perform above median consistently over a three year rolling period compared to the EAI universe of large cap value style equity investment managers.	Exceed the Russell 1000 Value Index by 100 basis points annually over a three year rolling period.
EQUITY – SMALL CAP CORE Columbia Acorn	Perform above median consistently over a three year rolling period compared to the EAI universe of small cap style equity investment managers.	Exceed the Russell 2000 Index by 100 basis points annually over a three year rolling period.
EQUITY - SMALL CAP GROWTH Century Capital	Perform above median consistently over a three year rolling period compared to the EAI universe of small cap growth style equity investment managers.	Exceed the Russell 2000 Growth Index by 100 basis points annually over a three year rolling period.

Continued,	Objective #1	Objective #2
INTERNATIONAL EQUITY Developed Markets: <i>Value:</i> Morgan Stanley <i>Growth:</i> Martin Currie	Perform above median consistently over a three year rolling period compared to the EAI universe of non-U.S. value style equity investment managers.	Exceed the MSCI EAFE Index by 100 basis points annually over a three year rolling period.
	Perform above median consistently over a three year rolling period compared to the EAI universe of non-U.S. GARP style equity investment managers.	Exceed the MSCI EAFE Index by 100 basis points annually over a three year rolling period.
	Perform above median consistently over a three year rolling period compared to the EAI universe of international emerging market equity investment managers.	Exceed the MSCI EM Index by 100 basis point annually over a three year rolling period.
FIXED INCOME C.S. McKee	Perform above median consistently over a three year rolling period compared to the EAI universe of core fixed income investment managers	Exceed the Lehman Brothers Aggregate Bond Index by 50 basis points annually over a three year rolling period.
GLOBAL TACTICAL ASSET ALLOCATOR Mellon Capital	Perform above median consistently over a three year rolling period compared to the EAI universe of global balanced managers.	Exceed a composite index of 60% MSCI World Equity / 40% Citigroup World Government Bond annually over a three year rolling period.
GLOBAL REITS Cohen & Steers	Perform above median consistently over a three year rolling period compared to the EAI universe of global REIT funds.	Exceed the NAREIT Global Index by 100 basis points annually over a three year rolling period.
ALTERNATIVES Low Volatility: Attalus Capital	Perform above median consistently over a three year rolling period compared to the EAI universe of low volatility hedge fund of funds.	Exceed the ML 91 Day T-Bill Index + 5.0% annually over a three year rolling period.
Multi-Strategy: Archstone Partners Federal Street Partners	Perform above median consistently over a three year rolling period compared to the EAI universe of multi-strategy hedge fund of funds.	Exceed the ML 91 Day T-Bill Index + 5.0% annually over a three year rolling period.

SUMMARY

Asset Allocation Policy

ASSET CLASS	TARGET POLICY % OF TOTAL	DESIRED RANGE	STYLES	LONG TERM BENCHMARK
<i>DOMESTIC EQUITY</i>	33%	25-45%	13% Large Cap Growth 12% Large Cap Value 4% Small Cap Core 4% Small Cap Growth	Russell 1000 Growth + 1% Russell 1000 Value + 1% Russell 2000 + 1% Russell 2000 Growth + 1%
<i>INTERNATIONAL EQUITY</i>	17%	10-25%	12% Developed Markets 5% Emerging Markets	MSCI EAFE + 1% MSCI EM + 1%
<i>ASSET ALLOCATION</i>	15%	10-25%	Global Model Driven Allocation to Stocks/Bonds/Cash	60% MSCI World Equity / 40% Citigroup World Govt Bond
<i>FIXED INCOME</i>	20%	15-30%	Core Fixed	Lehman Bros. Aggregate + 0.5%
<i>ALTERNATIVE</i>	10%	5-20%	Hedge Fund of Funds	ML 91-day T-Bills + 5 0%
<i>REITs</i>	5%	0-15%	Global Diversified	NAREIT Global +1%

SUMMARY

Investment Management Structure

MANAGER	INCEPTION DATE	STYLE	PRIMARY INDEX
EQUITY			
Montag & Caldwell ICAP	8/2002	Large Cap Growth	Russell 1000 Growth + 1%
Century Capital	9/1995	Large Cap Value	Russell 1000 Value + 1%
Columbia Acorn	3/2005	Small Cap Growth	Russell 2000 Growth + 1%
	3/2008	Small Cap Core	Russell 2000 +1%
INTERNATIONAL EQUITY			
Morgan Stanley	12/1993	Developed Markets	MSCI EAFE + 1%
Martin Currie	3/2008	Developed Markets	MSCI EAFE + 1%
Morgan Stanley	2/1995	Emerging Markets	MSCI EM + 1%
FIXED INCOME			
C S McKee	8/2007	Core	Lehman Brothers Aggregate + 0.5%
ASSET ALLOCATION			
Mellon Capital	2/2008	Global Model driven allocation to Stocks/Bonds/Cash	60% MSCI World Equity / 40% Citigroup World Govt Bond
GLOBAL REITS			
Cohen & Steers	1/2008	Global REITs	NAREIT Global R.E. +1%
ALTERNATIVES			
Attalus Capital	6/2005	Low Volatility Hedge Fund of Funds	ML 91-day T-Bills + 5.0%
Archstone Partners	1/2008	Multi-Strategy Hedge Fund of Funds	ML 91-day T-Bills + 5.0%
Federal Street	2/2008	Multi-Strategy Hedge Fund of Funds	ML 91-day T-Bills + 5.0%

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**West Penn Allegheny Health System
INVESTMENT POLICY and GUIDELINES**

May 15, 2008

**WPAHS GENERAL OPERATING ACCOUNT
WPH FUNDED DEPRECIATION**

WEST PENN ALLEGHENY HEALTH SYSTEM: WPAHS General Operating Account
Summary of Investment Policy & Guidelines WPH Funded Depreciation
September, 2005

Purpose

The purpose of the WPAHS general operating account is to provide strategic liquidity for the System. The original source of these funds was the Highmark \$125 million loan. The purpose of the WPH funded depreciation account is to provide for the long-term capital needs of WPH.

**Investment
Objectives/
Risk Tolerance**

Strong emphasis on preservation of capital in real terms with defensive action in declining markets and limited participation in rising markets. The total portfolio is expected to be less volatile than the market the vast majority of the time although individual manager's portfolios may be characterized by higher levels of volatility

**Performance
Standards**

For the fund, consistency of return and protection against loss of principal are of paramount importance. For each manager, comparison against relevant market indices and Evaluation Associates databases. When results fall below the median in any one calendar year, the manager will be viewed critically, unless unusual circumstances precipitated such results.

**Portfolio
Restrictions**

General

No more than 20% of the portfolio at market value in one general industry.

No more than 7% of the portfolio at market value in the securities of one company.

There are no limits on the use of U.S. government, agency or guaranteed issues.

The Fund holds the investment managers responsible for voting proxies

The Fund may specify use of specific brokerage firms subject to best execution and competitive commissions.

Equity managers may use high quality fixed income securities if they judge these to provide expected returns superior to common stock.

Investment managers are prohibited from investing in securities of companies which are directly involved in the tobacco industry; i.e. companies that are producing, selling, distributing and/or promoting tobacco products.

**Portfolio
Restrictions cont'd**

Common Stocks, Preferreds & Convertibles (U.S.)

All securities must be listed on NYSE, Amex or OTC Exchanges.
No more than 5% of the portfolio at market value in any one security.
No more than 3% of the outstanding shares of any one corporation.
Minimum acceptable capitalization of companies considered for investment is \$100 million.

Common Stocks, Preferreds & Convertibles (non – U.S.)
Prohibited

Fixed Income Securities (U.S.)

There are no limits on the use of U.S. Government, agency or government guaranteed issues.
Minimum BBB rating by Standard & Poor's or Moody's for corporate, Yankee and Eurodollar bonds and notes, including floating rate notes.
Mortgage backed securities issued by GNMA, FNMA, and FHLMC, and collateralized mortgage obligations backed by GNMA, FNMA and FHLMC pools and commercial mortgages.
No more than 5% at market value in a single issue, 10% in an issuer.
The average duration of the portfolio should not exceed that of the target index by more than 20%.
No more than 10% of the portfolio at market value may be invested in IOs, POs, inverse floaters or residual tranches of CMOs, including those in closed-end bond funds. No one position in any of these securities should exceed 2% of the market value.
No more than 20% at market value in 144A securities.
The portfolio must maintain an average quality rating of AA or better.

Fixed Income Securities (non-U.S.)

No more than 20% of the portfolio at market value in total foreign securities, including a maximum of 5% at market in issues other than Canadian, U.K., Japanese, Australian, Scandinavian or European monetary systems (EMS) bloc governments and their agencies and supra-national borrowers in local currency or ECU. Emerging market debt denominated in US dollars is permissible within the 5% limit, with a maximum 2% position.
The use of forwards, futures and options for interest rate and currency hedging is permitted but not for speculative purposes or to the extent that a leveraged position is established.

**Portfolio
Restrictions cont'd**

Cash Equivalents (maturity of one year or less)

No more than 5% of the portfolio at market value in one issue, no more than 10% in one issuer. Certificates of deposit and bankers acceptances with major money center banks that are members of the Federal Reserve System and insured by FDIC. Repurchase agreements with major money center banks and broker/dealer that are members of the Federal Reserve System, must be collateralized to at least 102%. Commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. Money market funds or similar investment vehicle in existence for at least 3 years with restricted investments in short-term instruments rated A-1 by Standard & Poor's and P-1 by Moody's, if outside of Trustee's STIF.

Structured Notes

All notes must be guaranteed by the issuer to return 100% of principal. There can be no leveraging of principal.

Minimum issuer credit rating must be AA/Aa or higher.

The maximum final maturity for any issue must be two years or less.

No commodity based notes are permitted (e.g. notes linked to oil, precious metals or commodity index prices and currency); all notes must be based on interest rates within developed markets.

Futures and Options

Futures and options must be used for hedging purposes only.

Naked option writing is not permitted.

Long futures positions may be used in place of cash market securities (e.g. treasury futures purchased in place of buying long treasury bonds).

**Absolute
Restrictions**

No: Short sales; options (puts, calls, or straddles); unbundled stock units; margin purchases or other use of lending or borrowing money; letter stock; private or direct placements; commodities; direct ownership of real estate, mortgages, short-term securities of the custodian bank, investment managers or affiliated companies; securities lending; purchase or other direct interest in gas, oil, or other mineral exploration or development programs.

**Separate
Agreements
with Managers**

Assets invested in commingled funds or institutional mutual funds cannot be bound by these guidelines, however, the fund guidelines are aligned with the spirit of this document.

Communications

The Investment Committee requires a continual awareness of the Fund's activity and position, both on an absolute and relative basis. To accomplish this, the following should be sent to the Investment Committee or representative thereof:

Monthly

Summary transaction registers and asset valuations provided by the custodian.

Quarterly

Summary transaction registers and asset valuations provided by the custodian.

Written report in sufficient detail and commentary so that the Investment Committee is apprised of Fund status and any changes in philosophy or investment strategy.

Annually

Contact with each manager to discuss performance results, economic outlook, investment strategy, organizational changes and other pertinent matters.

Other

Timely telephone and/or letter advice from the manager when information of an important nature, such as unusual market activity (oil embargo, monetary crisis, etc.) is causing, or may cause, material impact on the portfolio.



WEST PENN ALLEGHENY HEALTH SYSTEM:
Investment Manager Objectives
September, 2005

WPAHS General Operating Account
WPH Funded Depreciation

	Objective #1	Objective #2
EQUITY -- LARGE CAP CORE C.S. McKee	Perform above median consistently over a three year rolling period compared to the EAI universe of large cap core equity style investment managers.	Exceed the S&P 500 by 100 basis points annually over a three year rolling period.
FIXED INCOME C.S. McKee	Perform above median consistently over a three year rolling period compared to the EAI universe of fixed income investment managers.	Exceed the Lehman Brothers Aggregate Bond Index by 50 basis points annually over a three year rolling period.
Standish Mellon	Perform above median consistently over a three year rolling period compared to the EAI universe of short duration fixed income investment managers.	Exceed the ML 1-3 Yr U.S. Treasury Index by 25 basis points annually over a three year rolling period.

SUMMARY

Asset Allocation Policy

ASSET CLASS	TARGET POLICY % OF TOTAL	DESIRED RANGE	STYLES	LONG TERM BENCHMARK
EQUITY	20%	15%-25%	Large Cap Core	S&P 500 + 1%
FIXED INCOME	80%	75% - 85%	Core Fixed Short Duration	Lehman Bros. Aggregate + 0.5% ML 1-3 Yr U.S. Treasury +0.25%

SUMMARY

Investment Management Structure

MANAGER	INCEPTION DATE	STYLE	PRIMARY INDEX
<i>EQUITY</i>			
C.S. McKee	05/2002	Core	S&P 500 + 1%
<i>FIXED INCOME</i>			
C.S. McKee Standish Mellon	6/2004 11/2004	Core Short Duration	Lehman Bros. Aggregate + 0.5% ML 1-3 Yr. U.S. Treasury + 0.25%

Document Divider

**West Penn Allegheny Health System
INVESTMENT POLICY and GUIDELINES**

May 15, 2008

SUBURBAN HEALTH FOUNDATION

WEST PENN ALLEGHENY HEALTH SYSTEM: Suburban Health Foundation
Summary of Investment Policy & Guidelines
September, 2005

Purpose

The purpose of the Foundation investment accounts is to provide for the long-term capital needs of Allegheny General Hospital, Suburban Campus.

**Investment
Objectives/
Risk Tolerance**

Maximum total return with strong emphasis on preservation of capital in real terms. Assets should participate in rising markets, with defensive action in declining markets expected to an even greater degree. The total portfolio is expected to be less volatile than the market the vast majority of the time although individual manager's portfolios may be characterized by higher levels of volatility.

**Performance
Standards**

For the Foundations overall, a minimum annualized real return of 3% more than the Gross National Product price deflator over any three year period. For each manager, comparison against relevant market indices and Evaluation Associates databases. When results fall below the median in any one calendar year, the manager will be viewed critically, unless unusual circumstances precipitated such results.

**Portfolio
Restrictions**

General

No more than 25% of the portfolio at market value invested by each manager, with the exclusion of a maximum 60% balanced core position.
No more than 20% of the portfolio at market value in one general industry.
No more than 7% of the portfolio at market value in the securities of one company.
There are no limits on the use of U.S. government, agency or guaranteed issues.
The Foundation holds the investment managers responsible for voting proxies.
The Foundation may specify use of specific brokerage firms subject to best execution and competitive commissions.
Equity managers may use high quality fixed income securities if they judge these to provide expected returns superior to common stock.
Investment managers are prohibited from investing in securities of companies which are directly involved in the tobacco industry; i.e. companies that are producing, selling, distributing and/or promoting tobacco products.

**Portfolio
Restrictions cont'd**

Common Stocks, Preferreds & Convertibles (U.S.)

All securities must be listed on NYSE, Amex or OTC Exchanges.
No more than 5% of the portfolio at market value in any one security.
No more than 3% of the outstanding shares of any one corporation.
Minimum acceptable capitalization of companies considered for investment is \$100 million.

Common Stocks, Preferred & Convertibles (Non-U.S.)

All securities must be listed on national exchanges; also securities that trade in the U.S. markets as American Depositary Receipts.
At any time, no more than 5% of the portfolio at market value in any one security.
At any time, no more than 1% of the outstanding shares of any one corporation.
The maximum weighting of any country in the portfolio should not exceed 40%.
At all times, a minimum equity exposure of 5 countries is required.
Minimum acceptable capitalization of companies considered for investment is \$500 million.
Forward purchases or sales of currencies, including cross currency hedges are permitted to protect or enhance the U.S. dollar value of the account. The use of derivative instruments such as currency futures or options for currency shall also be permitted upon completion of any necessary disclosure or other documentation. No speculative hedging will be permitted.

Fixed Income Securities (U.S.)

There are no limits on the use of U.S. Government, agency or government guaranteed issues.
Minimum BBB rating by Standard & Poor's or Moody's for corporate, Yankee and Eurodollar bonds and notes, including floating rate notes.
Mortgage backed securities issued by GNMA, FNMA, and FHLMC, and collateralized mortgage obligations backed by GNMA, FNMA and FHLMC pools and commercial mortgages.
No more than 5% at market value in a single issue, 10% in an issuer.
The average duration of the portfolio should not exceed that of the Lehman Brothers Aggregate Bond Index by more than 20%.
No more than 10% of the portfolio at market value may be invested in IOs, POs, inverse floaters or residual tranches of CMOs, including those in closed-end bond funds. No one position in any of these securities should exceed 2% of the market value.
No more than 20% at market value in 144A securities.

**Portfolio
Restrictions cont'd**

Fixed Income Securities (non-U.S.)

No more than 20% of the portfolio at market value in total foreign securities, including a maximum of 5% at market in issues other than Canadian, U.K., Japanese, Australian, Scandinavian or European monetary systems (EMS) bloc governments and their agencies and supra-national borrowers in local currency or ECU Emerging market debt denominated in US dollars is permissible within the 5% limit, with a maximum 2% position. The use of forwards, futures and options for interest rate and currency hedging is permitted but not for speculative purposes or to the extent that a leveraged position is established.

Cash Equivalents (maturity of one year or less)

No more than 5% of the portfolio at market value in one issue, no more than 10% in one issuer. Certificates of deposit and bankers acceptances with major money center banks that are members of the Federal Reserve System and insured by FDIC. Repurchase agreements with major money center banks and broker/dealer that are members of the Federal Reserve System, must be collateralized to at least 102%. Commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. Money market funds or similar investment vehicle in existence for at least 3 years with restricted investments in short-term instruments rated A-1 by Standard & Poor's and P-1 by Moody's, if outside of Trustee's STIF.

Structured Notes

All notes must be guaranteed by the issuer to return 100% of principal. There can be no leveraging of principal. Minimum issuer credit rating must be AA/Aa or higher. The maximum final maturity for any issue must be two years or less. No commodity based notes are permitted (e.g. notes linked to oil, precious metals or commodity index prices and currency); all notes must be based on interest rates within developed markets.

Futures and Options

Futures and options must be used for hedging purposes only. Naked option writing is not permitted. Long futures positions may be used in place of cash market securities (e.g. treasury futures purchased in place of buying long treasury bonds).

**Absolute
Restrictions**

No: Short sales; options (puts, calls, or straddles); unbundled stock units; margin purchases or other use of lending or borrowing money; letter stock; private or direct placements; commodities; direct ownership of real estate, mortgages, short-term securities of the custodian bank, investment managers or affiliated companies; securities lending; purchase or other direct interest in gas, oil, or other mineral exploration or development programs.

**Separate
Agreements
with Managers**

Assets invested in commingled funds or institutional mutual funds cannot be bound by these guidelines, however, the fund guidelines are aligned with the spirit of this document.

Communications

The Investment Committee requires a continual awareness of the Fund's activity and position, both on an absolute and relative basis. To accomplish this, the following should be sent to the Investment Committee or representative there of:

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Written report in sufficient detail and commentary so that the Investment Committee is apprised of Fund status and any changes in philosophy or investment strategy.

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Contact with each manager to discuss performance results, economic outlook, investment strategy, organizational changes and other pertinent matters.

Other

Timely telephone and/or letter advice from the manager when information of an important nature, such as unusual market activity (oil embargo, monetary crisis, etc.) is causing, or may cause, material impact on the portfolio.



WEST PENN ALLEGHENY HEALTH SYSTEM:
Investment Manager Objectives
September, 2005

Suburban Health Foundation

	Objective #1	Objective #2
EQUITY – LARGE CAP Core C.S. McKee	Perform above median consistently over a three year rolling period compared to the EAI universe of large cap core style equity investment managers.	Exceed the S&P 500 Index by 100 basis points annually over a three year rolling period.
FIXED INCOME C.S. McKee	Perform above median consistently over a three year rolling period compared to the EAI universe of core fixed income investment managers.	Exceed the Lehman Brothers Government Bond Index by 50 basis points annually over a three year rolling period.

SUMMARY

Asset Allocation Policy

ASSET CLASS	TARGET POLICY % OF TOTAL	DESIRED RANGE	STYLES	LONG TERM BENCHMARK
<i>EQUITY</i>	60%	45-70%	Core	S&P 500 Index + 1.0%
<i>FIXED INCOME</i>	40%	25-50%	Core Fixed	Lehman Bros. Govt. Index + 0.5%

SUMMARY

Investment Management Structure

MANAGER	INCEPTION DATE	STYLE	PRIMARY INDEX
<i>EQUITY</i> C.S. McKee	8/2002	Large Cap Growth	S&P 500 Index + 1.0%
<i>FIXED INCOME</i> C.S. McKee	12/03	Core	Lehman Brothers Government + 0.5%