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COMPASS LEXECON

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March 27, 2012

CONFIDENTIAL

Carl M. Buchholz, Esquire
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:

This letter confirms the understanding and agreement (“Agreement”) between Compass Lexecon LLC (“CL” or “expert witness”) and Blank Rome LLP (“Blank Rome”), counsel for the Pennsylvania Insurance Department (the “Department”) regarding the retention of CL and its affiliates, successors and assigns, as appropriate, by Blank Rome. We understand that CL pursuant to this engagement will provide expert witness services that will be utilized by Blank Rome on behalf of the Insurance Commissioner in investigations, deliberations and public informational hearings concerning Form A Filings submitted by Highmark, Inc. (“Highmark”) pursuant to Article XIV of the Insurance Company Law of 1921 in connection with their proposed affiliation with West Penn Allegheny Health System (“WPAHS”) (the “Transaction”). To facilitate this engagement, the Department will retain CL to perform certain procedures identified in paragraph 4 below. The expert witness does not have a conflict of interest regarding this undertaking. If any situations arise that could be construed as potential conflicts, the expert witness will notify Blank Rome immediately.

It is understood that Highmark (rather than the Department) shall be responsible for payment of all amounts payable hereunder to CL pursuant to paragraphs 5, 6, and Exhibit A attached hereto.

1. It is our understanding that CL is acting solely as an expert witness under the direction and supervision of Blank Rome, counsel to the Department; that our reports, opinions and advice (written and oral) rendered pursuant hereto will be used by Blank Rome solely for the purpose of advising Blank Rome and the Department and shall be relied upon solely

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by Blank Rome and the Department and that the engagement of CL 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 direct or third-party beneficiary), or any policyholder, securityholder, owner, partner, director, officer, employee or creditor or affiliate of Highmark or any person other than Blank Rome and the Department as against CL. Any written reports, opinions, and advice rendered by CL to Blank Rome as counsel for the Department will become the property of Blank Rome on behalf of the Department. Unless otherwise expressly agreed by CL in writing, no one other than Blank Rome and the Department is authorized to rely upon this engagement of CL or any statements or conduct by CL. CL consents to the reference by Blank Rome or the Department to CL's reports, opinions, advice and firm name in documents released by or at the direction of Blank Rome or the Department concerning the proposed Transaction or in any public hearing on such proposed Transaction.

2. CL recognizes and acknowledges that it is not obligated or permitted to divulge to anyone except Blank Rome and the Department any information relating to Highmark and/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) Unless Blank Rome, as counsel for the Department, approves alternate arrangements, all requests by CL, its affiliates or their respective directors, officers, employees or advisors (all of the foregoing collectively referred to as "Representatives") for access to the books and records of Highmark and/or WPAHS and the furnishing by Highmark and/or WPAHS of other non-public information relating to it shall be made only through Blank Rome and that any meetings or discussions with Highmark and/or WPAHS, their personnel, advisors, consultants, or representatives relating to this engagement, shall take place only in the presence of or with the prior approval of Blank Rome.
- (b) Except as contemplated in paragraph 6, CL 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 Agreement, unless agreed to in advance, in writing, by Blank Rome and/or the Department.
- (c) Blank Rome, as counsel for the Department, recognizes that in advising Blank Rome and in rendering the services contemplated hereunder, CL 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 CL by Blank Rome, Highmark and/or WPAHS and other parties. It is understood that in performing under this Agreement, CL may rely upon such publicly available information and the other information so furnished without independent verification, and that CL shall not be responsible for the accuracy and completeness of such information.

3. CL will serve as expert witness to the Department in evaluating the impacts on competition in Commonwealth’s insurance markets that may result from the proposed Transaction. As requested by the Department, CL will provide one or more Expert Reports, in accordance with its customary practice.
4. CL’s services to be rendered to the Department hereunder may include:
 - Assisting the Department in determining the information it should require Highmark and/or WPAHS to furnish to the Department for purposes of its analysis of the Transaction;
 - Performing the analyses needed to apply the Pennsylvania Insurance Holding Company Act and assess the impacts on competition;
 - Performing the analyses needed to apply other competition, public policy and/or other economic related principles in order to assess the impact on competitive markets and potentially affected Stakeholders;
 - Determining the type, magnitude and probability of the potential efficiencies and other benefits resulting from the Transaction, and integrating these findings into the assessment of competitive impacts;
 - Meeting with Blank Rome, the Department, Highmark, WPAHS and each of their respective consultants as necessary to discuss the Transaction;
 - Providing expert testimony at public informational hearings;
 - Providing public reports for inclusion in the public file; and
 - Performing any other analyses or responsibilities, as determined by Blank Rome and/or the Department.

It is understood that the above services are not all inclusive and that Blank Rome may call upon CL to render such other advisory services as may from time to time be agreed upon in

writing by CL and Blank Rome. It is also understood and agreed that Blank Rome is not required to use CL for each of the services listed above, but may choose to use other entities for such services.

5. As compensation for CL's services under this Agreement, by reason of the nature of this engagement, it is understood and agreed that Highmark shall be liable to make payments to CL on behalf of the Department for all professional services rendered by CL to Blank Rome as counsel for the Department hereunder, in accordance with the fee schedule set forth on Exhibit A attached hereto. No fees payable by Blank Rome, the Department, Highmark or WPAHS to any other expert witness, consultant or advisor shall reduce or otherwise affect the fees payable to CL hereunder. In connection with the foregoing it is agreed as follows:
 - (a) It is our understanding that Highmark will be responsible for payment of expert witness fees pursuant to Article XIV of the Insurance Company Law of 1921. Fees will be based upon the number of hours that CL works on this engagement. The expert witness will report to Blank Rome, on a monthly basis, the fees incurred to date to enable Blank Rome to monitor progress. No less than ten percent (10%) of the expert witness fees will be withheld until Blank Rome is satisfied with the work. Upon Blank Rome's satisfaction, Blank Rome will authorize Highmark to release the final percentage of the fee to the expert witness.
 - (b) Within 30 days of receipt of each statement, Highmark shall remit to CL 100% of the dollar amount set forth in such statement and submit a transmittal to Blank Rome advising Blank Rome of payment rendered.
6. In addition, Highmark, on behalf of the Department, will reimburse CL on a monthly basis for its reasonable out-of-pocket expenses incurred in connection with this engagement including, without limitation, travel, word processing, graphics and communication charges, research costs, courier services and fees, and, with the prior consent of Blank Rome and Highmark, which shall not be unreasonably withheld, expenses and disbursements of any legal counsel retained by CL. It is expressly understood that CL 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 therefore. In addition, nothing contained in this paragraph 6 shall in any manner affect or vitiate Highmark's obligation to reimburse CL for reasonable legal fees and disbursements in connection with the matters contemplated by Exhibit A hereto.
7. It is agreed and understood that notwithstanding any provisions of this Agreement, none of Blank Rome, 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 CL for any services, expenses or other costs incurred by CL or others in connection with this engagement or this Agreement, it being the intention of the parties that CL shall look solely to Highmark for payment of all amounts contemplated by this Agreement. In addition to any other remedies available at law, CL reserves the right to defer rendering further services in the event any fees and expenses due hereunder are outstanding for more than 60 days.

8. In connection with the services to be performed by CL hereunder, CL will obtain Confidential Information concerning Highmark and/or WPAHS from Blank Rome and/or the Department and may obtain from Highmark and/or WPAHS access to their books and records. The term "Confidential Information" includes all information so obtained by CL 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 CL or its Representatives, (ii) is or becomes available to CL, on a non-confidential basis from sources other than Blank Rome, the Department, Highmark and WPAHS, provided that such source is not known to CL to be bound by a confidentiality undertaking, written or oral, with Blank Rome, the Department, Highmark or WPAHS, or (iii) was lawfully within CL's possession prior to its being furnished to CL by Blank Rome, the Department, Highmark or WPAHS, provided that the source of such information was not known to CL to be bound by a confidentiality undertaking, written or oral, with Blank Rome, the Department, Highmark or WPAHS in respect thereof.
9. As a condition of this engagement, CL agrees as follows:
 - (a) CL 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 Agreement. CL shall be responsible for any breach of the provisions of this agreement concerning use of the Confidential Information by its Representatives.
 - (b) CL agrees that the Confidential Information will be used solely for the purpose of this engagement, except that, in the event CL receives information which is the same as the Confidential Information from a third party on a confidential basis, CL may use such information for the purpose for which such third party furnished it to CL, except as otherwise prohibited by paragraph 13 hereof. CL also agrees that for a period of six years 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 Blank Rome, the Department or the Department's other expert witnesses,

advisors or consultants without the prior written consent of the Department; provided, however, that any of the Confidential Information may be disclosed to CL's Representatives who in CL'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 Agreement to the same extent as if they were parties hereto. CL 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 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 CL at the direction or with the prior written consent of Blank Rome (i) at a public hearing or (ii) in connection with litigation relating to the engagement referred to in paragraph 3 of this Agreement, neither CL 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 CL or its Representatives and (ii) are or become generally available to CL, on a non-confidential basis from sources other than Blank Rome, the Department, Highmark and/or WPAHS provided that such source is not known to CL or its Representatives to be bound by a confidentiality undertaking, written or oral, with Blank Rome, the Department, Highmark and/or WPAHS. Before any disclosure by CL at the direction or with the consent of Blank Rome and/or the Department of Confidential Information supplied to Blank Rome or the Department by Highmark or WPAHS under a claim of confidentiality will be made, the Department will:
- (1) provide WPAHS and Highmark with not less than five business days' prior written notice of the proposed disclosure in order to allow WPAHS and Highmark 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 WPAHS and Highmark
- (d) Upon written request by Blank Rome, 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 CL from Highmark,

WPAHS, Blank Rome or the Department shall be returned to Blank Rome (or with Blank Rome's written permission, destroyed and such destruction certified in writing to Blank Rome, Highmark and/or WPAHS by an authorized employee, supervising such destruction). Except as set forth in the last sentence of this clause (d), no such Confidential Information shall be retained by CL. All documents, memoranda, notes and other writings prepared by CL, to the extent such writings contain Confidential Information, shall be destroyed, and such destruction shall be certified in writing to Highmark, WPAHS, Blank Rome and/or the Department, by an authorized employee supervising such destruction. Notwithstanding the foregoing, CL 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 Opinion Letter 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 Agreement.

- (e) In the event that CL 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 CL) to disclose any of the Confidential Information or take any other action prohibited hereby, to the extent permitted by law, CL and its Representatives will within two business days of CL's receipt of notice of such event provide Blank Rome, Highmark and/or WPAHS with written notice so that each may seek to enforce the provisions of this Agreement, or seek an appropriate protective order or other remedy and/or waive compliance with the provisions of this Agreement. Provided that such foregoing notice is furnished, if, in the absence of a protective order, CL 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, CL or the Representatives, as the case may be, may disclose such Confidential Information without liability under this 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, WPAHS, Blank Rome and the Department shall be entitled to seek specific performance and injunctive relief as remedies for any violation.

10. This engagement may be terminated by Blank Rome without cause at any time from the date hereof, upon thirty days written notice. In addition, Blank Rome has the option, which may be exercised only one time, to temporarily suspend this engagement without cause for a period of no longer than 180 days upon ten days written notice to CL. With respect to Highmark's and WPAHS's rights and obligations, it is understood that any such termination or temporary suspension shall not affect (a) 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 (b) the obligations of CL under paragraphs 8 and 9, which shall survive the termination or suspension of this engagement.

During the term of this Agreement, CL agrees that during the term of this Agreement, no CL employees working on this matter will (i) work for Highmark and/or WPAHS or (ii) advise a different insurer with respect to a reorganization matter before the Department.

11. Notwithstanding anything to the contrary contained herein, however, CL agrees that during the term of this Agreement: (i) no CL employees who are responsible for providing services to Highmark and/or WPAHS under the contractual relationships as disclosed to Blank Rome, shall provide services to Blank Rome hereunder; and (ii) no CL employees providing services to the Department hereunder shall work on any matters governed by the contractual relationships with Highmark and/or WPAHS as disclosed to Blank Rome.
12. This Agreement and all controversies arising from or relating to performance under this Agreement and this engagement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. Blank Rome, the Department, Highmark, WPAHS and CL 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 Agreement, which is brought by Blank Rome, the Department, Highmark, WPAHS or CL, and hereby agree that all claims in respect of any such suit, action or proceeding may be heard and determined in any such court. Blank Rome, the Department, Highmark, WPAHS and CL 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.
13. Except for claims arising out of a breach by CL of the confidentiality obligations set forth herein, Blank Rome, the Department and Highmark agree that CL shall not be liable to

Blank Rome, the Department, Highmark or their respective successors, affiliates or assigns for damages in excess of the total amount of the fees paid to CL hereunder.

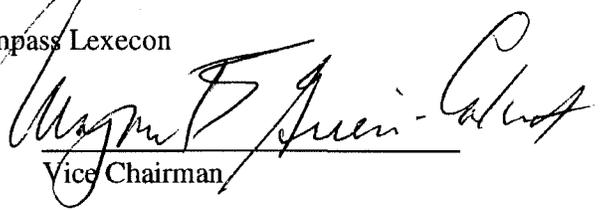
14. This Agreement may be executed in any number of counterparts, and all such counterparts together shall constitute the Agreement. This agreement (a) has been duly executed and delivered on behalf of Blank Rome, Highmark, WPAHS and CL and constitutes the legal, valid, binding and enforceable obligation 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; 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.

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

Very truly yours,

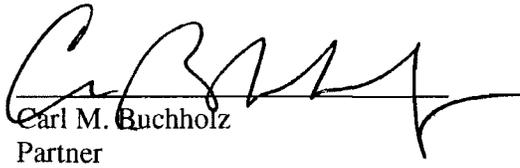
Compass Lexecon

By:


Vice Chairman

BLANK ROME LLP

By:


Carl M. Buchholz
Partner

The signatures of Highmark below confirm only its acknowledgement of (a) a responsibility to pay those expenses described in paragraphs 5 and 6 hereof, in Exhibit A hereto, (b) the limitation of liability provision set forth in paragraph 13, and (c) the rights conferred on each of them relating to any breach of the confidentiality provisions, and do not constitute any acknowledgement of any other aspect of the Agreement.

In countersigning this Letter Agreement, Highmark shall not be deemed to have acknowledged or agreed that the scope of CL'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.

Agreed to:

HIGHMARK INC.

By: Nanette PDETUNK

Exhibit A

Compass Lexecon
Schedule of Fees for PID Project

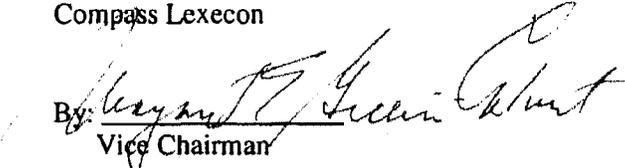
For purposes of work set forth in this retention letter, professional services fees for Margaret E. Guerin-Calvert will be \$700 per hour. Compass Lexecon's fees for other professional services shall be calculated in accordance with its customary billing rates for the time of its professionals, which rates shall not exceed \$700 per hour for any professional working in support of Ms. Guerin-Calvert in this matter. In addition, Compass Lexecon shall receive payment, calculated in accordance with its customary billing rates, for use of its computer capability and document reproduction, if required, and its customary administrative and overhead fee. Travel, purchased data, and other significant out-of-pocket costs will be charged at actual cost, or at an allocation of estimated actual cost for purchased data used on multiple engagements.

Invoices will be sent on a monthly basis and payment is due as specified in the retention letter.

Revised effective as of March 27, 2012.

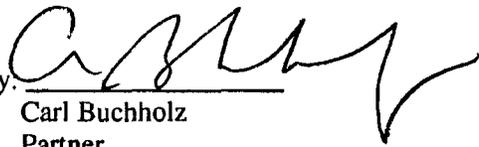
Agreed to:

Compass Lexecon

By: 

Vice Chairman

Blank Rome LLP

By: 

Carl Buchholz
Partner