

Mr. Edward F. Morrison
President
TMC Management Engineers
333 South State Street, #102
Lake Oswego, OR 97034

Dear Ed:

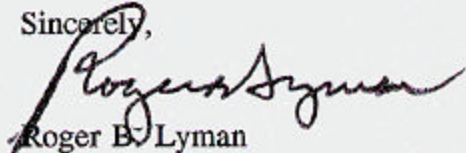
The implementation of the management program that your firm has designed for us will be completed in the next several weeks. The improvement in our managers' effectiveness and control of the work place has been very impressive.

The systems you have developed has allowed our managers to control large groups of people doing complex operations in a very simple and straightforward way. However, I believe that the main reason for our success has been the training you have given to our managers. Your staff has coached them through the process and this has really made the difference.

Since the beginning of the project, performance has improved steadily. The overall estimated annualized savings are currently over twice the fees you charged. I am sure this will improve even further as the remaining areas are implemented.

I am very pleased with the way your staff has implemented this program. Our claims unit, in particular, has been under the relentless pressure of rapid growth. However, this program has not caused any disruption and has helped us maintain good customer service and keep employee morale high.

Sincerely,



Roger B. Lyman
Executive Vice President
Managed Care / Internal Operations
Blue Cross and Blue Shield of Oregon