

November 15, 1999

Mr. Steven J. Junior
Senior Insurance Examiner
Bureau of Financial Analysis & Examinations
121 East Wilson Street
P.O. Box 7873
Madison, WI 53707-7873

VIA HAND DELIVERY

RE: Blue Cross & Blue Shield United of Wisconsin Conversion Application

Dear Steven:

In connection with the Blue Cross & Blue Shield United of Wisconsin Conversion Application, enclosed please find the following documents:

- Response to your letter of inquiry dated October 26, 1999
- Combined Financial Statement for Blue Cross for Years Ended December 31, 1997 and 1998 Prepared in Accordance with Generally Accepted Accounting Principles (GAAP)

Also enclosed is our Third Quarter Statutory Financial Statement for Blue Cross for the Quarter Ended September 30, 1999.

Pursuant to your request of November 10, 1999 I am enclosing copies of all change in control contracts executed between the Company and certain of its employees. These represent all such agreements in existence at Blue Cross & Blue Shield United of Wisconsin ("BCBSUW").

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Our application for conversion indicated that the board of directors approved these contracts but that they had not been executed. All contracts were executed last week and are now ready for filing. You may recall that the approval of these contracts is mentioned in the minutes of the June 2, 1999 Board of Director's meeting, a copy of which is in our application.

Our human resources consultant, Hewitt and Associates, and our attorneys reviewed practices at other Milwaukee companies to ensure that these agreements are reflective of mainstream Milwaukee change in control contracts.

If you have any questions, please do not hesitate to call.

Very truly yours,

Stephen E. Bablitch

Enclosures

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