

Purchaser Disclosure Schedule
to Agreement and Plan of Merger dated as of June 3, 2003

Schedule 3.1(b)

Capital Structure

1. Purchaser has at various times since December 31, 2002 issued commercial paper pursuant to its existing commercial paper program.
2. Since December 31, 2002, Purchaser has made issuances of Purchaser Common Stock under Purchaser's employee stock option and stock purchase plans and has issued shares of Purchaser Common Stock in connection with the Purchaser's 401(k) Retirement Savings Plan and Comprehensive Executive Non-qualified Retirement Plan.

Schedule 3.1(c)(ii) and (iii)

Authority, No Conflicts

1. Approval of the Blue Cross Blue Shield Association of the consummation of the transactions contemplated by this Agreement (including the potential acquisition by the Wisconsin United for Health Foundation of greater than 5% of the Purchaser's outstanding Common Stock) pursuant to Purchaser's license agreements therewith.

Schedule 3.1(f)

Litigation; Compliance with Laws

1. Bell v. Blue Cross of California.
2. Thomas, *et. al.* v. Blue Cross and Blue Shield Association, *et. al.*
3. Kenecht v. CIGNA, *et. al.* (this lawsuit, which has been brought as a putative class action on behalf of chiropractors, contains allegations similar to *Shane v. Humana*).

Target Disclosure Schedule 3.2(a)
to Agreement and Plan of Merger Dated as of June 3, 2003

“Significant Subsidiaries of Target”:

- (1) Blue Cross & Blue Shield United of Wisconsin
- (2) Compcare Health Services Insurance Corporation
- (3) United Wisconsin Insurance Company
- (4) Unity Health Plans Insurance Corporation

Target Disclosure Schedule 3.2(b)
to Agreement and Plan of Merger Dated as of June 3, 2003

Target stock option plans, restricted stock, etc.:

Details about outstanding stock options and restricted stock are set forth on Exhibits A and B to Schedule 3.2(b).

Exhibit A to Schedule 3.2(b): Outstanding Stock Options as of June 2, 2003

Grant Date	Grant Price	Granted	Recipients	Yes/No	Exercised	Forfeited
01/02/1992	\$4.3800	66,261	1	66,261	66,261	-
06/16/1993	\$11.3600	10,000	1	10,000	10,000	-
06/16/1993	\$11.7700	5,522	1	5,522	-	-
01/03/1994	\$13.4200	5,543	1	5,543	-	-
01/03/1994	\$14.0400	2,235	1	2,235	-	-
07/01/1994	\$12.1900	45,000	2	45,000	-	-
07/01/1994	\$12.6800	11,043	1	11,043	-	-
09/13/1995	\$10.1300	38,651	3	38,651	27,608	-
01/01/1996	\$9.9600	13,252	2	13,252	-	-
01/02/1996	\$10.3600	23,191	2	23,191	15,461	-
01/02/1996	\$10.0700	30,000	1	30,000	-	-
06/12/1996	\$9.8500	6,626	1	6,626	6,626	-
06/12/1996	\$9.6100	2,000	1	2,000	-	-
10/01/1996	\$12.8500	22,087	1	22,087	-	-
01/02/1997	\$11.6000	92,764	3	92,764	11,674	-
01/02/1997	\$11.2100	35,000	1	35,000	-	-
06/12/1997	\$16.8100	13,252	1	13,252	13,252	-
06/12/1997	\$15.9500	5,000	1	5,000	-	-
01/02/1998	\$11.7200	132,521	3	132,521	-	-
01/02/1998	\$11.3100	35,000	1	35,000	-	-
09/28/1998	\$7.1875	384,800	12	384,800	42,350	-
01/26/1999	\$8.5000	325,500	12	325,500	26,700	-
01/03/2000	\$4.3125	907,300	14	721,100	137,400	8,750
01/17/2000	\$4.3750	35,000	1	26,250	-	-
04/04/2000	\$5.5000	47,500	13	34,375	11,875	4,375

05/31/2000	\$5.7500	6,000	1	6,000	-	-
07/17/2000	\$6.0000	5,000	1	2,500	-	-
09/26/2000	\$4.9375	10,000	1	5,000	-	-
03/23/2001	\$6.1500	24,000	4	16,000	-	-
06/04/2001	\$5.9000	20,000	1	5,000	-	-
09/04/2001	\$6.8700	5,000	1	1,250	-	-
02/27/2002	\$7.6500	6,000	1	2,000	-	-
03/25/2002	\$8.2000	1,032,500	19	430,625	-	7,500
05/29/2002	\$19.9900	188,000	10	47,664	-	-
06/17/2002	\$21.8800	25,000	1	-	-	-
07/01/2002	\$22.8000	55,000	1	-	-	-
07/22/2002	\$15.3400	30,000	1	-	-	-
08/07/2002	\$18.2800	115,000	37	-	-	-
09/16/2002	\$18.0000	20,000	1	-	-	-
10/28/2002	\$17.3500	30,000	1	-	-	-
01/02/2003	\$14.1000	677,900	33	-	-	-
02/03/2003	\$12.5000	28,000	1	-	-	-
03/19/2003	\$13.1100	125,000	44	-	-	-
03/24/2003	\$12.9700	2,500	1	-	-	-
04/01/2003	\$14.1600	2,500	1	-	-	-
05/27/2003	\$17.1900	5,000	1	-	-	-
Totals		<u>4,707,448</u>		<u>2,603,012</u>	<u>369,207</u>	<u>20,625</u>
Exercised		(369,207)	(A)		(A)	(B)
Forfeited		(20,625)	(B)			
Total Outstanding		<u>4,317,616</u>				

Exhibit B to Schedule 3.2(b): Restricted Stock

<u>NAME</u>	<u>Grant Date</u>	<u>Grant Price</u>	<u>Granted</u>	<u>Grnt Exp Date</u>
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
Bablitch, Stephen E	01-02-2003	14.1000	31,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
Bernstein, Michael E	01-02-2003	14.1000	31,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	6,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	6,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	4,000	12-31-2014
Cullen, Timothy F	01-02-2003	14.1000	9,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	6,000	12-31-2014
[REDACTED]	02-03-2003	12.5000	7,000	02-03-2015
Hanson, Gail L	01-02-2003	14.1000	12,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
[REDACTED]	01-02-2003	14.1000	6,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	6,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
Potos, Kathryn K	01-02-2003	14.1000	5,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
Siewert, Penny J	01-02-2003	14.1000	6,000	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
[REDACTED]	01-02-2003	14.1000	1,900	12-31-2014
Total			155,900	

Target Disclosure Schedule 3.2(i)
to Agreement and Plan of Merger Dated as of June 3, 2003

Pending filed or threatened suits, actions, investigations or proceedings:

- *BCBSUW v. U.S.* Tax refund litigation filed by Blue Cross & Blue Shield United of Wisconsin (BCBSUW) in the U.S. Court of Federal Claims in 1998 relating to overpayments of income tax for tax year 1987. Refund of overpayment of tax and interest claimed in excess of \$900,000.
- *Kindred Healthcare, Inc. (f/k/a Vencor Inc.)*. Claim asserted by Kindred seeking payment of billed charges for services provided to Medicare Supplemental subscribers in excess of the Medicare approved amount. Approximate amount at issue: \$1,000,000.
- *Yatso v. BCBSUW*. Suit brought in 1999 in Milwaukee County Circuit Court by insured for denial of benefits for allogenic bone marrow transplant. Damages claimed: \$2,000,000.
- *Allcare Patent Infringement claim*. In 1999, Allcare Health Management System, Inc., notified Cobalt of potential infringement claims against some of Cobalt's subsidiaries relating to Allcare's U.S. Patent No. 5,301,105. Allcare has proposed a license fee of approximately \$1,000,000 per year (based on a formula of \$0.08 per subscriber per month) until its patent expires in 2011. A mediation is scheduled for June 11, 2003. However, on May 30, 2003, Target received oral notice from another party that it had filed, but had not yet served, a declaratory judgment action against Allcare relating to this patent in South Carolina Federal District Court.
- *Aurora v. Touchpoint*. Action was initially filed in Milwaukee County Circuit Court in 2001 and BCBSUW and CompCare Health Services Insurance Corporation were joined as third party defendants in February 2003. Aurora contends it must be included in Touchpoint's network and must be reimbursed at the same rates as BCBSUW pays. Touchpoint's third party claims against the third party defendants allege anti-trust and insurance regulation violations.
- *Teff Chiropractic & Soderholm-Wilder v. Unity*. Suit brought against Unity Health Plan Insurance Corporation in 1998 in Dane County Circuit Court alleging defamation, breach of contract and related claims for Unity's non-renewal of certain provider contracts. Trial court's award of \$683,755 in damages currently on appeal before the Wisconsin Court of Appeals.
- *Office of Personnel re Federal Employees Health Benefit Plan (FEHBP) Audit for years 1996-1999 and 2001*. The final audit report disputes \$2,080,859, representing \$1,689,427 in premium and health benefit charges and \$391,432 in associated lost investment income.



Target Disclosure Schedule 3.2(k)
to Agreement and Plan of Merger Dated as of June 3, 2003

Environmental disclosures:

Reference is made to the "Notice of Contamination to Property, dated July 12, 2000 and recorded on July 26, 2000 as Document Number 1765572 (as to Parcel I)" as set forth in the Green Bay Title Company, Inc. Title Summary Number TS50466 signed January 17, 2003 relating to the "Airport Drive" property located in the Village of Ashwaubenon, Brown County, Wisconsin, which is leased from its owner, Brown County, Wisconsin.

Target Disclosure Schedule 3.2(1)
to Agreement and Plan of Merger Dated as of June 3, 2003

Intellectual Property Disclosures:

- Allcare Patent Infringement Claim (see Schedule 3.2(i)).
- Compcare Health Services Insurance Corporation (“Compcare”) has entered into an agreement with an entity located in Illinois not to use the “Compcare” name or mark in Illinois.
- Cobalt owns the federal registrations to UNITED HEARTLAND LIFE INSURANCE COMPANY and UH UNITED HEARTLAND (with a design element), and both were registered in 1998, covering underwriting of life, disability and health insurance, and administration of worker’s compensation insurance. Use of these marks dates back to 1990. An insurance agency, United Heartland Insurance Agencies of Butler County, Inc. (UHIA) is using the name “United Heartland” in connection with agency services in Southern Ohio and claims that its use began in January 1997. It also owns the domain name unitedheartland.com (although this does not appear to be an active website). Cobalt sent a cease and desist letter to UHIA in January of 2000, and the parties are in settlement negotiations over use of the “United Heartland” mark.



Target Disclosure Schedule 3.2(n)
to Agreement and Plan of Merger Dated as of June 3, 2003

Taxes:

For purposes of clause (i)(F), disclosures of tax years for which the statute of limitations has been waived or extended are set forth on Exhibit A to Schedule 3.2(n).

For purposes of clause (i)(G), disclosures of consolidated group composition for federal income tax purposes are set forth on Exhibit B to Schedule 3.2(n).

Exhibit A to Schedule 3.2(n)

Blue Cross & Blue Shield Income Tax Returns

<u>Year</u>	<u>Form #</u>	<u>Status</u>
1987	N/A	U.S. Court of Claims
1988	N/A	U.S. Court of Claims
1989	N/A	U.S. Court of Claims
1990	N/A	Closed
1991	907	Stat. Notice Received. Extended to 12-31-03
1992	N/A	Awaiting Stat. Notice
1993	872	Extended to 12-31-03
1994	872	Extended to 12-31-03
1995	872	Extended to 12-31-03
1996	872	Extended to 12-31-03
1997	872	Extended to 12-31-03
1998	872	Extended to 12-31-03
1999	872	Extended to 12-31-03

Blue Cross & Blue Shield Sales/Use Tax Returns

<u>Year</u>	<u>Form #</u>	<u>Status</u>
1995	N/A	Extended to 7-31-03
1996	N/A	Extended to 7-31-03
1997	N/A	Extended to 7-31-03
1998	N/A	Extended to 7-31-03
1999	N/A	Expires 3-15-04

Cobalt Corporation (f.k.a. United Wisconsin Services, Inc) Income Tax Returns

<u>Year</u>	<u>Form #</u>	<u>Status</u>
1984	907	Extended to 12-31-03
1986	907	Extended to 12-31-03
1994	872	Extended to 12-31-03
1995	872	Extended to 12-31-03
1996	872	Extended to 12-31-03

Cobalt Corporation (f.k.a. United Wisconsin Services, Inc) Income Tax Returns (Cont.)

<u>Year</u>	<u>Form #</u>	<u>Status</u>
1997	872	Extended to 12-31-03
1998	872	Extended to 12-31-03
1999	872	Extended to 12-31-03

United Wisconsin Insurance Company Income Tax Returns

<u>Year</u>	<u>Form #</u>	<u>Status</u>
1982	907	Extended to 12-31-03

United Heartland Life Insurance Company Income Tax Returns

<u>Year</u>	<u>Form #</u>	<u>Status</u>
1997	907	Extended to 12-31-03
1998	907	Extended to 12-31-03
1999	907	Extended to 12-31-03

Exhibit B to Schedule 3.2(n)**1987**

Parent	Blue Cross & Blue Shield United of Wisconsin	1120-PC
Subsidiaries	United Wisconsin Services, Inc.	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-L
	United Wisconsin Proservices, Inc.	1120
	Leasing Unlimited Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	Prohealth Services, Inc.	1120

1988

Parent	Blue Cross & Blue Shield United of Wisconsin	1120-PC
Subsidiaries	United Wisconsin Services, Inc.	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-L
	United Wisconsin Proservices, Inc.	1120
	Leasing Unlimited Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	Prohealth Services, Inc.	1120

1989

Parent	Blue Cross & Blue Shield United of Wisconsin	1120-PC
Subsidiaries	United Wisconsin Services, Inc.	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-L
	United Wisconsin Proservices, Inc.	1120
	Leasing Unlimited Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	Prohealth Services, Inc.	1120
	United Wisconsin Capital Corporation	1120

1990

Parent	Blue Cross & Blue Shield United of Wisconsin	1120-PC
Subsidiaries	United Wisconsin Services, Inc.	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-L
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	Prohealth Services, Inc.	1120
	United Wisconsin Capital Corporation	1120

1991

Parent	Blue Cross & Blue Shield United of Wisconsin	1120-PC
Subsidiaries	United Wisconsin Services, Inc.	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-L

	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	United Wisconsin Capital Corporation	1120
<u>1992</u>		
Parent	Blue Cross & Blue Shield United of Wisconsin	1120-PC
Subsidiaries	United Wisconsin Services, Inc.	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-L
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	United Wisconsin Capital Corporation	1120
	Meridian Resource Corporation	1120
	Midelfort Health Plan (Currently D/B/A Valley Health Plan, Inc.)	1120-PC
<u>1993</u>		
Parent	Blue Cross & Blue Shield United of Wisconsin	1120-PC
Subsidiaries	United Wisconsin Services, Inc.	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-L
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	United Wisconsin Capital Corporation	1120
	Meridian Resource, Corporation	1120
	Valley Health Plan, Inc.	1120-PC
<u>1994</u>		
Parent	Blue Cross & Blue Shield United of Wisconsin	1120-PC
Subsidiaries (1/1-6/30)	United Wisconsin Services, Inc.	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-L
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	United Wisconsin Capital Corporation	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
<u>7/1-12/31/94</u>		
Parent	United Wisconsin Services, Inc.	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Take Control, Inc. (Currently D/B/A Meridian Managed Care)	1120
	United Wisconsin Capital Corporation	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
* Included for 10/1-12/31	HMO-W, Inc.	1120
* Included for 10/1-12/31	Unity Health Plans, Inc.	1120-PC

* Included for 10/1-12/31	Hometown Insurance Service, Inc.	1120
Separate Companies	United Wisconsin Life Insurance Company	1120-L

1995

Parent	United Wisconsin Services, Inc.	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Meridian Managed Care	1120
	United Wisconsin Capital Corporation	1120
	United Heartland, Inc.	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Service, Inc.	1120
	Meridian Marketing Services, Inc.	1120
Separate Companies	United Wisconsin Life Insurance Company	1120-L
	Blue Cross & Blue Shield United of Wisconsin	1120-PC

1996

Parent	United Wisconsin Services, Inc.	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Meridian Managed Care	1120
	United Wisconsin Capital Corporation (Now AMS HMO Holdings, Inc.)	1120
	United Heartland, Inc.	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
*AMS entities included for 12/1-12/31/96	Accountable Health Plans, Inc.	1120
	American Medical Security Holdings, Inc.	1120
	American Medical Security Insurance Company	1120-PC
	American Medical Security Ins Co of Ohio (Currently United Heartland Life Ins. Co.)	1120-PC
	American Medical Security, Inc.	1120
	Continental Plan Services, Inc.	1120
	Nurse Healthline, Inc.	1120
	AMS Provider Partnerships, Inc.	1120
	Unity HMO of Illinois, Inc.	1120-PC
Separate Companies	American Medical Security Insurance Co of Georgia	1120-L
	Blue Cross & Blue Shield United of Wisconsin	1120-PC

1/1-11/30/96

Parent	American Medical Security Group, Inc. (Merged into UWS on 12/1)	1120
Subsidiaries	Accountable Health Plans, Inc.	1120
	American Medical Security Insurance Company	1120-PC
	American Medical Security Ins Co of Ohio (Currently United Heartland Life Ins. Co.)	1120-PC
	American Medical Security, Inc.	1120
	Continental Plan Services, Inc.	1120
	Nurse Healthline, Inc.	1120
	AMS Provider Partnerships, Inc.	1120
	Unity HMO of Illinois, Inc.	1120-PC

1997

Parent	United Wisconsin Services, Inc.	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Life Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Meridian Managed Care	1120
	United Heartland, Inc.	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
	AMS HMO Holdings, Inc.	1120
	Accountable Health Plans, Inc.	1120
	American Medical Security Holdings, Inc.	1120
	American Medical Security Insurance Company	1120-PC
	American Medical Security, Inc.	1120
	Continental Plan Services, Inc.	1120
	Nurse Healthline, Inc.	1120
	AMS Provider Partnerships, Inc.	1120
	Unity HMO of Illinois, Inc.	1120-PC
	American Medical Security Insurance Co of Georgia	1120-PC
	CNR Health, Inc. - 12/1-12/31/97	1120
Separate Companies	Blue Cross & Blue Shield United of Wisconsin	1120-PC
	United Heartland Life Insurance Company	1120-L

1998

Parent	United Wisconsin Services, Inc. (Changed to AMS Group, Inc. on 9/30/98)	1120
Subsidiaries	United Wisconsin Life Insurance Company	1120-PC
	AMS HMO Holdings, Inc.	1120
	Accountable Health Plans, Inc.	1120
	American Medical Security Holdings, Inc.	1120
	American Medical Security Insurance Company	1120-PC

March 23, 2001

Parent	United Wisconsin Services, Inc.	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	United Heartland, Inc.	1120
	Meridian Resource Company, LLC	N/A
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
	Innovative Resource Group, LLC	N/A
	Heartland Dental Plan, Inc.	1120-PC
	Comprehensive Resource Group, Inc. (f.k.a. Ladd Enterprises)	1120
	Michigan Healthcare Collections	1120
CNR Partners, Inc	1120	

December 31, 2001

Parent	United Wisconsin Services, Inc.	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	United Heartland, Inc.	1120
	Meridian Resource Company, LLC	N/A
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
	Innovative Resource Group, LLC	N/A
	Comprehensive Resource Group, Inc. (f.k.a. Ladd Enterprises)	1120
	Michigan Healthcare Collections	1120
	CNR Partners, Inc	1120
	Blue Cross & Blue Shield United of Wisconsin	1120-PC
United Government Services, LLC	N/A	
United Heartland Life Insurance Company	1120	
7-1 to 12-31	CC Holdings, LLC	N/A
Separate Companies	United Heartland Illinois, Inc.	1120

2002

Parent	United Wisconsin Services, Inc.	1120
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	American Medical Security, Inc.	1120
	Continental Plan Services, Inc.	1120
	Nurse Healthline, Inc.	1120
	AMS Provider Partnerships, Inc.	1120
	Unity HMO of Illinois, Inc.	1120-PC
	American Medical Security Insurance Co of Georgia	1120-PC
	American Medical Security of Florida	1120-PC
	Plaines Health Network	1120
	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Meridian Managed Care	1120
	United Heartland, Inc.	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
	CNR Health, Inc.	1120
	Heartland Dental Plan, Inc.	1120-PC
	Heartland Dental Plan of Michigan, Inc.	1120
	Intercare Network, Inc.	1120
(Note - UWS entities included for 1/1-9/30)		
Included 8/7 - 9/30		
Separate Companies	Blue Cross & Blue Shield United of Wisconsin	1120-PC
	United Heartland Life Insurance Company	1120-L
<u>10/1-12/31/98</u>		
Parent	United Wisconsin Services, Inc. (Newco)	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
	Meridian Managed Care	1120
	United Heartland, Inc.	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
	CNR Health, Inc.	1120
	Heartland Dental Plan, Inc.	1120-PC
	Heartland Dental Plan of Michigan, Inc.	1120
	Intercare Network, Inc.	1120
Included 12/17 - 12/31	Ladd Enterprises	1120
Included 12/17 - 12/31	Michigan Healthcare Collections	1120
<u>1999</u>		
Parent	United Wisconsin Services, Inc.	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC

	Meridian Managed Care	1120
	United Heartland, Inc.	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
	Innovative Resource Group, Inc. (f.k.a. CNR Health, Inc.)	1120
5/1 - 7/31	Allegro Ltd.	1120
	Heartland Dental Plan, Inc.	1120-PC
	Heartland Dental Plan of Michigan, Inc.	1120
1/1 - 7/31	Intercare Network, Inc.	1120
	Comprehensive Resource Group, Inc. (f.k.a. Ladd Enterprises)	1120
	Michigan Healthcare Collections	1120
	CNR Partners, Inc	1120
	Comprehensive Ccollection Services, Inc.	1120
Separate Companies	Blue Cross & Blue Shield United of Wisconsin	1120-PC
	United Government Services, LLC	N/A
	United Heartland Life Insurance Company	1120-L
	United Heartland Illinois, Inc.	1120
 <u>2000</u>		
Parent	United Wisconsin Services, Inc.	1120
Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
1-1 to 3-31	Meridian Managed Care	1120
	United Heartland, Inc.	1120
	Meridian Resource, Inc.	1120
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
	Innovative Resource Group, Inc. (f.k.a. CNR Health, Inc.)	1120
	Heartland Dental Plan, Inc.	1120-PC
1-1 to 3-31	Heartland Dental Plan of Michigan, Inc.	1120
	Comprehensive Resource Group, Inc. (f.k.a. Ladd Enterprises)	1120
	Michigan Healthcare Collections	1120
	CNR Partners, Inc	1120
6-12 to 7-30	Seltzer Delman, Inc	1120
Separate Companies	Blue Cross & Blue Shield United of Wisconsin	1120-PC
	United Government Services, LLC	N/A
	United Heartland Life Insurance Company	1120-L
	United Heartland Illinois, Inc.	1120

Subsidiaries	United Wisconsin Insurance Company	1120-PC
	United Wisconsin Proservices, Inc.	1120
	Compcare Health Services Insurance Corporation	1120-PC
1-1 to 12-31	United Heartland, Inc.	1120
	Meridian Resource Company, LLC	N/A
	Valley Health Plan, Inc.	1120-PC
	HMO-W, Inc.	1120
	Unity Health Plans, Inc.	1120-PC
	Hometown Insurance Services, Inc.	1120
	Meridian Marketing Services, Inc.	1120
1/1 to 3-29	Innovative Resource Group, LLC	N/A
	Heartland Dental Plan, Inc	1120
1-1 to 2-22	Comprehensive Resource Group, Inc. (f.k.a. Ladd Enterprises)	1120
	Michigan Healthcare Collections	1120
	CNR Partners, Inc	1120
1/1 to 3-29	Blue Cross & Blue Shield United of Wisconsin	1120-PC
	United Government Services, LLC	N/A
	United Heartland Life Insurance Company	1120
	CC Holdings, LLC	N/A
Separate Companies (1-1 to 12-31)	United Heartland Illinois, Inc.	1120

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Target Disclosure Schedule 3.2(c)(i)(B)
to Agreement and Plan of Merger
Dated as of June 3, 2003

A Request for Confidential Treatment of this Information has been made.

Target Disclosure Schedule 3.2(c)(i)(C)
to Agreement and Plan of Merger
Dated as of June 3, 2003

A Request for Confidential Treatment of this Information has been made.

Target Disclosure Schedule 3.2(c)(i)(D)
to Agreement and Plan of Merger
Dated as of June 3, 2003

A Request for Confidential Treatment of this Information has been made.

Target Disclosure Schedule 3.2(o)(i)(E)
to Agreement and Plan of Merger Dated as of June 3, 2003

None

Target Disclosure Schedule 3.2(o)(i)(F)
to Agreement and Plan of Merger Dated as of June 3, 2003

Employment agreements:

Cobalt Corporation and/or its subsidiaries have executed Employment Agreements with the following individuals:

- Stephen E. Bablitch – Chairman & CEO, Cobalt Corporation
- Michael E. Bernstein – President & COO, Cobalt Corporation
- Terry Bolz – President & CEO, Unity Health Plans Insurance Corp.
- Thomas P. Casper – President, Claim Management Services, Inc.
- William R. Merholtz – Executive Vice President, Claim Management Services, Inc.
- Sherri L. Hauser – Vice President of Coalition Development, Claim Management Services, Inc.
- Carolyn W. O’Hearn – Vice President of IT, Claim Management Services, Inc.



Target Disclosure Schedule 3.2(o)(i)(G)
to Agreement and Plan of Merger Dated as of June 3, 2003

Change in control agreements:

1. Cobalt Corporation has Executive Severance Agreements (change-in-control agreements) with the following Cobalt executives:

Stephen E. Bablitch
Michael E. Bernstein
Gail Hanson
Timothy Cullen
Penny Siewert

[REDACTED]

Lorna Granger

[REDACTED]

[REDACTED]

[REDACTED]

Target Disclosure Schedule 3.2(o)(i)(H)
to Agreement and Plan of Merger Dated as of June 3, 2003

Labor contracts:

Cobalt Corporation and its subsidiary, United Government Services, are parties to a collective bargaining agreement with the Office and Professional Employees International Union Local No. 9, AFL-CIO-CLC. The agreement is for a three year term beginning on May 3, 2002. The agreement currently covers approximately 200 employees in Milwaukee County, Wisconsin. A copy of the collective bargaining agreement is set forth in Exhibit A to Schedule 3.2(o)(i)(H).

AGREEMENT

between

BLUE CROSS & BLUE SHIELD

UNITED OF WISCONSIN

and

UNITED GOVERNMENT SERVICES, LLC

and

OFFICE AND PROFESSIONAL EMPLOYEES

INTERNATIONAL UNION

LOCAL NO. 9, AFL-CIO-CLC



Effective May 3, 2002

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AGREEMENT

Agreement entered into as of this 3rd day of May, 2002, between Blue Cross & Blue Shield United of Wisconsin, Milwaukee, Wisconsin and United Government Services, LLC, (herein referred to as the "Company"), and Office and Professional Employees International Union, Local No. 9, AFL-CIO-CLC or its successor (herein referred to as the "Union").

ARTICLE I

Recognition

- 1.1 The Company recognizes the Union as the sole collective bargaining agent for the full time and regular part time Class 1 employees of the Company at its Milwaukee County locations; excluding confidential employees, managerial employees, sales employees, technical employees, professional employees, guards and supervisors as defined in the Act.
- 1.2 The parties hereby pledge and agree to comply to the best of their abilities with every applicable law or provision restricting discrimination in employment or membership opportunities because of race, creed, color, sex, age, national origin, handicap, disabled veterans or Vietnam Era veterans, sexual orientation or any other characteristic covered under State and Federal law.
- 1.3 The Union will be provided an opportunity along with all other sources to refer new applicants to the Company for hiring. However, the Company in its sole discretion consistent with applicable law retains the right to determine which applicant it will hire, nor is the Company limited hereby to any particular source of applicants.
- 1.4 The Company agrees that it will not discriminate against or coerce an employee because of her activity as a member of the Union.
- 1.5 Whenever the female gender is used in this Agreement, it shall also include the male gender.

ARTICLE II

Management

- 2.1 The Union recognizes that the management of the office and facilities and the direction of the working forces, including the right to direct, plan and control operations, and establish and change working schedules and establish and enforce reasonable work rules, the right to hire, promote or transfer employees, or suspend or discharge employees for just cause, or to lay off employees for lack of work or other legitimate reason, the right to introduce new or improved methods, materials, processes and equipment or facilities, and to manage the properties, are vested exclusively in the Company. The right is also vested exclusively in the Company to maintain flexibility in operations by creating, adding to, diminishing, eliminating, or transferring work presently performed in the unit and which work in its reasonable judgment must be so treated. In the event the Company determines to exercise its right to diminish, eliminate or transfer such work and such decision shall have a significant impact on the work performed in the bargaining unit, it will notify the Chief Steward (or in her absence, one of the Building Head Stewards specifically designated by the Union) at least fifteen (15) working days prior to implementation and will discuss with the Union the impact on affected employees. The Company in the exercise of its rights hereunder shall not violate or fail to comply with the express purpose of a specific provision or provisions of this Agreement.

ARTICLE III

Strikes and Lockouts

- 3.1 During the term of this Agreement, there shall be no strike nor shall any employee or employees cause or take part in a strike, slowdown, sit down or cessation of work. Any employee who engages in such activity shall be subject to discipline or discharge at the discretion of the Company, subject to the grievance and arbitration procedure of this Agreement.
- 3.2 During the term of this Agreement there shall be no lockout on the part of the Company.
- 3.3 Either party alleging a breach of this Article may pursue its legal remedies, if any, and is not required to pursue the grievance and arbitration provisions of this Agreement.

- 3.4 The Company agrees that the Union shall not be liable for a violation of Section 3.1 above, unless such strike or other interference with production has been authorized, encouraged, sanctioned or condoned by the Union. The Union agrees to immediately take all measures reasonably necessary to terminate promptly any threatened or actual violation of Section 3.1, including but not limited to the following:
- a) Advise the Company in writing that the strike or interference has not been authorized, encouraged, sanctioned or condoned by either the International or Local Union.
 - b) Post copies of a notice in the office, and further notify employees by mail or other reasonable means calculated to supply such notice, advising that the strike or interference has not been authorized, encouraged, sanctioned or condoned by the Union, and instructing employees to return to work immediately or to immediately cease such activity.

ARTICLE IV **Military Service**

- 4.1 Employees entering military service shall be reinstated to employment in accordance with applicable federal and state law. Such employees shall be eligible for any Company Military Leave Policy that may be in effect at the time they enter or return from such military leave.
- 4.2 Employees required to participate in National Guard or Military Reserve encampment shall be compensated for a period not to exceed two (2) weeks per year for the difference between their Government pay and their regular five (5) day workweek, by presentation to the Company of information showing the period of required encampment and the amount of compensation received.

ARTICLE V **Grievance Procedure**

- 5.1 A grievance is a claim based on an alleged violation of, failure to comply with, or a dispute involving the interpretation or application of a specific provision or provisions of this Agreement.
- 5.2 A grievance must be presented to the Company within twelve (12) working days of the discovery of its occurrence or the same shall be deemed waived by the Union and the grievant.
- 5.3 In the event of such grievance, the steps hereinafter set forth shall be followed:
- Step 1.** The employee or the employee and her steward shall present the grievance orally to the immediate supervisor. The immediate supervisor will answer the grievance within two (2) working days after the Step 1 meeting. A steward will be given an opportunity to be present at the adjustment of any grievance in Step 1. The steward will have up to one-half (1/2) hour of Company paid time to meet with the employee to investigate the grievance prior to meeting with the immediate supervisor.
- Step 2.** If not settled in Step 1, to be considered further the grievance must be reduced to writing and dated and signed by the employee and her steward, and submitted to the department manager within three (3) working days after receiving the Step 1 answer from the immediate supervisor. The written grievance will describe the subject matter of the grievance and specify the contract provision or provisions at issue. Inadvertent errors in the description of the subject matter or specification or the contract provisions shall not render the grievance non-grievable. The department manager, an employee relations representative (and the supervisor at the option of the Company) shall meet with the grieving employee, her steward and the Building Steward within three (3) working days after receipt of the grievance to discuss and attempt to resolve the same. The department manager shall give her answer in writing to the steward, with a copy thereof to Labor Relations, the Building Steward and the Chief Steward, within three (3) working days after such meeting, or the grievance shall automatically move to Step 3. Upon receipt of such answer, Labor Relations will assign a number to the grievance and inform the Chief Steward of such number.
- The filing steward will have up to one-half (1/2) hour of Company paid time to prepare for the Step 2 meeting. The Union will reply in writing to the department manager's second step answer within five (5) working days after the receipt thereof by the steward, or the grievance shall automatically move to Step 3.

Step 3. If not settled in Step 2, the Union Bargaining Committee (and the Union Business Representative at the option of the Union) and the Company Grievance Committee will meet within ten (10) working days after the date of receipt of the Union's second step reply to discuss and attempt to resolve the grievance. Generally, more than one grievance will be presented and discussed at a single Step 3 meeting. The Chief Steward will have up to one (1) hour to investigate all grievances to be presented at a single Step 3 meeting and the Union Bargaining Committee will have up to one (1) hour to prepare for the Step 3 meeting. The Chief Steward and the Union Bargaining Committee will have a reasonable amount of additional time to investigate and prepare grievances when multiple grievances are to be presented and discussed at Step 3.

Management will give its answer in writing within five (5) working days after such meeting, or the grievance shall automatically move to Step 4. The union will reply in writing to management's third step answer within five (5) working days after receipt thereof, or the grievance shall automatically move to Step 4. In the event a backlog of Step 3 grievances is accumulating, the parties agree to schedule a series of prearranged meetings to take place at least two (2) times each calendar month in an attempt to resolve such Step 3 grievances and reduce the backlog.

Step 4. If not settled in Step 3, either party (Union or Company) may request an additional meeting to discuss the grievance at which outside representatives may be present. Management shall give its answer in writing within five (5) working days after such meeting.

- 5.4 Any of the time limits referred to in this Article may be varied by mutual agreement of the parties (Union and Company).
- 5.5 Grievances having general application (including job evaluation grievances), or grievances involving discharge, may be filed within the applicable time limit by the Union in writing as provided in Step 2 and may be taken directly to Step 2.
- 5.6 No employee having seniority will be disciplined or discharged without just cause. Before an employee having seniority is disciplined or discharged the Company will, if possible, advise the steward and allow the steward to be present when such disciplinary or discharge action is discussed with the employee, providing the employee and steward are available for such discussion. If no steward is available at the time disciplinary action is taken the Company will notify the Union within one (1) working day of such action. Employee discipline and work rules are set forth in Appendix A attached hereto.
- 5.7 The above procedure may be utilized if an employee or the Union has a complaint or suggestion which is not a grievance, but in no event shall an unresolved complaint be arbitrable.
- 5.8 The Company will pay stewards and up to six (6) Bargaining Committee Members at their regular hourly rate for time lost during their regularly scheduled shift while they are participating at the appropriate step in grievance procedure discussions with management representatives. When the circumstances of a particular grievance so merit, and in exceptional cases, the grievant or steward will be allowed to attend the third step grievance meeting upon request from the Union. Upon Mutual agreement between the parties (Union and Company) such grievant may attend the fourth step grievance meeting. Such grievant will be paid at regular hourly rate for time lost during her regularly scheduled shift while participating in the third and fourth step discussion with management representatives.
- 5.9 The Union agrees that it will use its best efforts to schedule and control any Company paid time set forth in this Article so as not to interfere with the efficient operation of the Company or various departments. The parties also agree that extenuating or unusual circumstances may require additional time. Neither the Union nor employees shall engage in Union activities on Company premises during working time except to the extent permitted by this Agreement. It is understood that the duties of a steward under this labor agreement are to represent bargaining unit employees in handling grievances or complaints as set forth in Article V above, and to confer with management representatives concerning administration of this labor agreement where appropriate.

ARTICLE VI **Arbitration**

- 6.1 A grievance not resolved in the grievance procedure which claims that the Company has violated or failed to comply with the express purpose of a specific provision or provisions of this Agreement may be submitted to arbitration by the Union as hereinafter provided.

- 6.2 The Union shall serve written notice of its desire to arbitrate such grievance upon the Company within thirty (30) calendar days of the date of the Company's fourth step answer in the grievance procedure and shall, in the same letter, name its choices for an impartial arbitrator. The notice shall also state the nature of the claim and the specific contract provisions relied upon in support thereof. Inadvertent errors in the description of the nature of the claim or specification of the contract provisions shall not render an arbitrable grievance non-arbitrable.
- 6.3 The Company and Union may discuss and settle the grievance if they desire. If they cannot settle the matter, they shall select an impartial arbitrator from the choices submitted by the Union in 6.2 supra. If the Company and Union cannot agree upon an impartial arbitrator within ten (10) calendar days of the Union's notification (6.2, supra.), the Union shall proceed further by requesting the Federal Mediation and Conciliation Service to submit a panel of seven (7) impartial arbitrators. This request shall be made by letter, with a copy to the Company. Upon receipt of the panel, the Company and the Union shall alternately strike names until only one name remains and that person shall be the impartial arbitrator. The arbitration hearing shall be held as promptly thereafter as is feasible.
- 6.4 Any of the time limits referred to above may be varied by mutual agreement between the parties (Union and Company).
- 6.5 The fees and expenses of the impartial arbitrator, the hearing room, and the transcript, if any, for the impartial arbitrator shall be borne equally by the Union and Company. Testimony shall be under oath.
- 6.6 Only one (1) grievance shall be submitted to the impartial arbitrator, provided, however, that the parties may submit related grievances to the same impartial arbitrator.
- 6.7 The function of the impartial arbitrator shall be of a judicial rather than a legislative nature. She shall not have the power to add to, to ignore, or to modify any of the terms and conditions of this Agreement. Her decision shall not go beyond the interpretation and application of this Agreement and shall be limited to the extent necessary to determine the issue submitted to the impartial arbitrator by the parties. It shall be controlling that this Agreement sets out all restrictions, rights and obligations agreed to by the parties and that no assumed or implied restrictions, rights or obligations were intended. Practices under this Agreement may be considered in the interpretation and application thereof.
- 6.8 The award of the impartial arbitrator shall be binding upon the parties, subject solely to the right to appeal therefrom on the grounds that the impartial arbitrator has exceeded her authority.
- 6.9 The foregoing procedure shall govern a claim by the Union that an employee having seniority in the unit has been disciplined or discharged without just cause. In case it is determined by such procedure that the employee has been disciplined or discharged without just cause, she shall be reinstated with full seniority rights which may, but need not, include back pay.

ARTICLE VII
Leave of Absence

- 7.1 Requests for leaves of absence covered by the Family and Medical Leave Acts will be granted in accordance with applicable laws. If the Family and Medical Leave Acts, in effect on May 3, 1997, are repealed or diminished, the level of benefits provided under the Acts on May 3, 1997, will continue to be provided to the employees covered by this Agreement for the duration of the Agreement. A leave of absence up to thirty (30) calendar days will be granted for a compelling personal reason. A leave of absence of up to seven (7) calendar days will be granted for marriage of an employee or death in the immediate family. A leave of absence up to thirty (30) calendar days will be granted for reasons other than specified above if such absence would not interfere with the efficient operation of the employee's department. In the event of a request for leave due to compelling personal reasons, the parties will use their best efforts to keep the reasons confidential.
- 7.2 Requests for extensions of leaves of absence may be granted at the sole discretion of the Company, except as may be required by the Family and Medical Leave Acts.
- 7.3 An employee on an authorized leave of absence who is gainfully employed or self-employed during a leave of absence automatically and voluntarily terminates her employment with the Company, unless the employee

requests and is given the Company's permission to be either employed or self-employed during the leave, and proof is presented establishing that the employee is unable to work at the Company. The Company's permission must be in writing.

- 7.4 Leaves of absence hereunder shall be without pay. Seniority rights shall accumulate during approved leaves of absence. An employee returning from a leave of absence will be returned to her regular job if open or if her regular job is not then open to another job in the same wage grade, consistent with the seniority provisions of this Agreement.
- 7.5 The Company will grant upon written request of the Union, received at least one (1) week in advance, a leave of absence of up to a maximum of seven (7) employees for Union Business not to exceed one (1) week per occurrence or a total of seventy (70) working days collectively per calendar year. Time spent in collective bargaining with the Company will not be counted against the seventy (70) days provided above.
- 7.6 Upon written request from the Union, an employee elected to or selected for a Union Position and who has at least ten (10) years of continuous service with the Company shall be granted leave of absence by the Company, without forfeiture of prior accumulated continuous service with the Company. Such leave of absence must be taken in a continuous increment and will be for no more than eighteen (18) months. Upon termination of the leave of absence and her prompt notification to the Company of her desire to be re-employed with the Company, the employee will be given re-employment on the basis of her accumulated seniority to her former position or to an available position comparable to her former position at the rate of pay applicable for such position at the time of her return. While on such a leave of absence, the employee may continue her health and dental insurance coverage by exercising her rights under COBRA, at no cost to the Company. An eligible employee may only take such a leave of absence once during her employment with the Company.

ARTICLE VIII

Seniority

- 8.1 A full-time employee for seniority purposes only is defined as one who is normally scheduled to work the full workweek each week. A regular part-time employee for seniority purposes only is defined as one who is normally scheduled to work some hours or days each week or each month, but less than the full workweek each week. Each group of employees as defined above (i.e., full-time and regular part-time) shall be considered as a separate occupational group for seniority purposes and shall only exercise seniority rights as set forth below. However, irrespective of the above, in a reduction in force the Company will use its best efforts consistent with production efficiency and employee qualifications, to lay off less senior part-time employees before laying off more senior full-time employees. It is understood that this is a general objective that may not be applied in all situations, although it is understood that variances will be logical exceptions and not a general practice. In determining a part-time employee's seniority versus a full-time employee for layoff purposes, the part-time employee's seniority shall be prorated based on the formula set forth in Section 10.3 *infra*, for a part-time employee successfully bidding on a full-time job.
- 8.2 Seniority is defined as length of continuous service, since last date of hire, except as modified in Section 10.3, *infra*.
- 8.3 New employees and those hired after a break in service will be regarded as probationary employees for the first fifty (50) scheduled workdays for regular full-time, full-time limited, regular part-time, and part-time limited employees.
- 8.4 Seniority within each occupational group shall apply first by departments and then office-wide to the extent set forth in paragraph 8.5 below. The departments for seniority purposes shall be:

Southeast Region Customer Service and Claims
Government Programs Finance
Government Programs Customer Service and Claims
Government Programs Building Services
(See Seniority Group listing, page 46)

- 8.5 An employee having seniority who is affected by lack of work or reduction in force shall be moved according the following:
- a) She shall first move into an open job in her same grade within her immediate department and occupational group, provided she is presently qualified and available to perform the same. An open job shall include a job which requires Multiple-Module Vestibule Training (MMVT) for which a requisition has been issued to the Personnel Department and such opening has not yet been posted or if posted there are no qualified bidders. To be eligible for such MMVT opening, the employee affected by lack of work must possess the required job skills necessary to learn the job.
 - b) If there is no such open job, she shall then bump a probationary employee in her same wage grade within her immediate department and occupational group, provided she is presently qualified and available to perform the same. Such employee shall not be eligible to bump the probationary employee if the job held by the probationary employee requires MMVT and the employee affected by lack of work does not have MMVT for such job.
 - c) If there is no such job held by a probationary employee, she shall then move office-wide into an open job in her same wage grade and occupational group, in another department provided she is presently qualified and available to perform the same. An open job shall include a job which requires MMVT for which a requisition has been issued to the Personnel Department and such opening has not yet been posted or if posted there are no qualified bidders. To be eligible for such MMVT opening, the employee affected by lack of work must possess the required job skills necessary to learn the job.
 - d) If there is no such job, she shall then bump a probationary employee in her same wage grade and occupational group, in another department, provided she is presently qualified and available to perform the same. Such employee shall not be eligible to bump the probationary employee if the job held by the probationary employee requires MMVT and the employee affected by lack of work does not have MMVT for such job.
 - e) If there is no such job held by a probationary employee, at this stage the Company will remove from a training class a probationary employee who is in the process of MMVT for a job in the same wage grade within the immediate department and occupational group as the employee with seniority who is affected by lack of work, provided the employee affected by lack of work possesses the required job skills necessary to learn the job. However, such employee affected by lack of work need not be placed into the training class at this stage if such class is in progress, but may be filled in on other work or, if necessary, may be moved down to (f) below and so on.
 - f) If there is no probationary employee to remove at stage (e) above, the Company will remove from a training class a probationary employee who is in the process of MMVT for a job in the same wage grade as the employee with seniority who is affected by lack of work, which is in another department, provided the employee affected by lack of work possesses the required job skills necessary to learn the job. However, such employee affected by lack of work need not be placed into the training class at this stage if such class is in progress, but may be filled in on other work or, if necessary, be moved down to (g) below and so on.
 - g) After application of (f) above, and if a requisition has been issued to the Personnel Department for a MMVT opening in her same wage grade within her immediate department and occupational group, and such MMVT opening has been posted and filled, but the actual training has not yet started, the employee affected by lack of work shall replace the least senior bidding employee from the posting for such MMVT opening and take such least senior employee's place in the MMVT class. To be eligible to replace the least senior employee off such MMVT posting, the employee affected by lack of work must be more senior and must possess the required job skills necessary to learn the job. The replaced least senior employee shall not be considered to be affected by lack of work or reduction in force.
 - h) If there is no such MMVT opening in her same wage grade within her immediate department and occupational group, and if a requisition has been issued to the Personnel Department for a MMVT opening in her same wage grade and occupational group for another department, and such MMVT opening has been posted and filled, but the actual training has not yet started, the employee affected by lack of work shall replace the least senior

bidding employee from the posting for such MMVT opening and take such least senior employee's place in the MMVT class. To be eligible to replace the least senior employee off such MMVT posting, the employee affected by lack of work must be more senior and must possess the required job skills necessary to learn the job. The replaced least senior employee shall not be considered to be affected by lack of work or reduction in force.

- i) If there is no such MMVT opening in her same wage grade within her occupational group in another department, she shall then bump within her immediate department and occupational group starting with the job held by the least senior employee in her same wage grade for which she is presently qualified and available to perform. The more senior employee shall be considered presently qualified to bump such least senior employee if the job held by the more senior employee is in the same classification and department as the least senior employee and no more than six (6) weeks of MMVT is required to make the senior employee presently qualified.
- j) If there is no such job available, she shall then bump office-wide starting with the job held by the least senior employee in her same wage grade and occupational group, in another department, for which she is presently qualified and available to perform.
- k) If there is no such job, she shall then move to the next immediately lower wage grade and follow the procedure set forth in (a) through (j) above, and so on down to the lowest wage grade.
- l) If there is no such job in her same occupational group, she shall have the option to move into the other occupational group and follow the procedure set forth in (a) through (k) above, and so on down to the lowest wage grade. If the employee elects to move into another occupational group through the above procedure, she is required to accept the occupational status of the employee she bumped.
- m) If no job is available following the above procedure, she shall be laid off from work.

8.6

- a) An employee who is transferred within her immediate department due to lack of work or reduction in force, retains job rights in her home department and wage grade for a period of three (3) months from the date of transfer, during which period she must return to her old job, or to another job in her home department in the same wage grade and occupational group for which she is presently qualified to perform, when such a job opens up. After such three (3) month period, she shall lose such lack of work recall rights.
- b) An employee who is transferred due to lack of work or reduction in force (or in the event the employee's job is transferred) from the department in which she has seniority to another department shall not accrue seniority in the new department for a period of three (3) months from the date of transfer, during which time she shall continue to accrue seniority in her home department, and during which period she must return to her home department should an opening occur in her same wage grade, which she is presently qualified to perform. After the period of three (3) months, such employee shall take her accumulated seniority from her home department into the new department, and relinquish her seniority in the department from which she was transferred.

8.7

- a) In the application of Sections 8.5, an employee who is downgraded to lower wage grade solely because she could not bump a less senior employee who held a job which required MMVT and the senior employee did not have such training but possessed the required job skills necessary to learn such job, shall be considered first in order of seniority in filling open jobs (i.e. for these purposes, a job to which no employee has recall rights under 8.6 above) for which they are presently qualified, and in filling requisitions for MMVT openings, first within her department and then office-wide. Such first preference rights shall apply prior to job posting rights of any employee, but shall not apply to any job which is in a higher wage grade than the wage grade the employee was bypassed on the way down because she could not bump a less senior employee who held a job in such wage grade which required MMVT and the senior employee did not have such training but possessed the required job skills necessary to learn such job.
- b) Once such downgraded employee accepts a first preference opening under (a) above, or accepts a job by exercising her job posting rights under Article X, *infra*, her first preference rights under this Section 8.7 shall cease, but she shall retain recall rights to the extent provided in Section 8.6 above.

- c) In any event, these first preference rights shall cease after a period of one (1) year from the time the employee was bypassed in a wage grade for the reasons set forth in (a) above.
 - d) To be eligible for any first preference rights under this Section 8.7, the employee must be presently qualified to fill the available opening or if the opening requires MMVT, she must possess the required job skills necessary to learn the same.
 - e) For employees who are downgraded for the reason set forth in (a) above, and for such employees only, when the employee accepts a first preference opening under (a) above in a higher labor grade than her labor grade after downgrading, she shall be slotted in the wage scales shown on Schedules I-III attached hereto, and pursuant to Section 19.7, *infra*, in accordance with the wage step held by such employee in her wage grade just prior to being downgraded.
- 8.8 In no event shall any employee be allowed to use her seniority to upgrade herself to bump into a higher paid classification due to lack of work in her regular classification. No employee shall have the right to be trained to fill another job during layoff or reduction in force except as provided for in Appendix J.
- 8.9 Irrespective of the above, in a lack of work or reduction in force situation, a senior employee who would bump another by exercise of her seniority rights, or who could otherwise prevent the displacement of a junior employee in the same classification, may elect a voluntary layoff to the street, retain recall rights and collect unemployment compensation and any other benefit provided for and to the extent allowed to an involuntarily laid off employee. However, such employee who elects a voluntary layoff hereunder must remain on layoff until recalled by exercise of her seniority rights and qualifications. She cannot bump back in from her voluntary layoff. Once recalled she would have to return as provided in Section 8.12 (e) below. Where several employees in a classification elect a voluntary layoff, and the Company cannot let them all go, the senior employee or employees shall have the elective rights.
- 8.10 In the event of a short-term lack of work situation (contemplated to be ten [10] working days or less) in a department where a reduction in force or transfer of employees to other jobs is not feasible as determined by the Company, it will ask for volunteers from employees who are in the affected job classification (within the department) to take time off for a designated period time into but not exceeding ten [10] working days per occurrence). Such volunteers will be given the option in order of seniority of taking the designated time off without pay or with the use of earned vacation pay or paid personal days as provided in Section 14.4, *infra*. If a sufficient number of volunteers is not obtained, openings will then be created by releasing a sufficient number of agency people presently working in the department, if any, provided employees in the affected job classification are qualified to fill in and perform the work being performed by such agency people. Then if a sufficient number of volunteers and/or agency people is not obtained, the least senior employees in such job classification (within the department) will be given the designated time off and pay option.
- 8.11 Upon recall from layoff, the same factors of seniority and qualifications will apply in reverse with the most senior qualified employee being recalled first.
- 8.12 An employee shall lose her seniority and be considered terminated for any of the following reasons:
- a) Voluntary termination.
 - b) Retirement.
 - c) Discharge for just cause.
 - d) Unexcused absence for a period of three (3) consecutive workdays, except only in a situation where the employee can satisfy the Company beyond a reasonable doubt that it was physically impossible for the employee to report the absence within such three (3) day period, and such absence is in fact reported within five (5) consecutive workdays beginning with the first of such day. This provision shall not be construed to permit any employee to be absent from work at any time without reporting such absence to the Company as soon as possible on or prior to the first day of such absence.
 - e) Failure to report to work within five (5) working days after being notified to return to work by registered or

certified mail to the employee's last known address, unless excused by the Company in writing. It will be the responsibility of all employees to keep the Company informed of their current address and telephone number.

- f) Failure to return to work upon the expiration of a leave of absence unless an extension is granted by the Company in writing.
 - g) If the employee has less than one (1) year seniority and has done no work for the Company for a period of twelve (12) consecutive months, unless on authorized leave of absence. If the employee has more than one (1) year seniority and has done no work for the Company for a period of twenty-four (24) consecutive months, unless on authorized leave of absence.
- 8.13 The Company will notify employees of layoff for an indefinite period of time (contemplated to exceed at least two (2) weeks) due to a reduction in force, at least five (5) workdays in advance, except where such layoff is due to situations beyond the control of the Company. This notice shall not be required in the case of transfers due to lack of work or reduction in force, or in the case of fill-ins, but shall be required in the event the employee's job is transferred from one seniority department to another.
- 8.14 Current seniority lists shall be made available to the Union upon reasonable advance notice and request.
- 8.15 An employee promoted or transferred to a position outside the bargaining unit may be returned to the bargaining unit at the option of the Company without loss of seniority, provided she is returned within one (1) year from the date she was promoted or transferred. However, such employee, if allowed to return, may only return by bidding on a posted job and securing the same on the basis of seniority and qualifications. For this purpose, the returning employee's departmental seniority shall be determined by the departmental seniority she held at the time she was promoted or transferred to a position outside the bargaining unit. After such one (1) year period, the transferred employee shall drop all seniority rights to return to the unit.
- 8.16 The Company will furnish the Union prior to the 15th of the month, a list of names and addresses as shown on Company records of new employees hired in bargaining unit jobs as well as employees transferred or terminated and changes of address. In cases of transfers the Company will indicate the old classification and the new classification, cost center, manager number, department and division.
- 8.17 "Presently qualified" or "qualified" as used in this Article and Article X, *infra*, means that the employee shall be able to perform the normal requirements of the job satisfactorily without job training as such requirements are described in the job posting qualifications. "Job training" means that the employee does not possess the job posting qualifications and would have to be taught the same. It is understood that "presently qualified" or "qualified" takes into consideration an employee's performance of work in another classification which is related to or which serves to prepare the employee for job vacancies. An employee who is qualified to perform the normal requirements of the job shall be entitled to a reasonable period of orientation so that such employee will be able to apply her qualifications to the job. It is understood that the length of orientation will vary depending on work flow, job variety, skill level and physical effort required in order to allow such employee to familiarize herself with and adjust to procedures, policies, material locations and characteristics of the particular office machine and/or equipment involved in the job. An employee who meets the qualifications as listed on the job posting, and who does not successfully pass the training class, will, upon request, be informed by the Company of the deficiency or deficiencies which caused her failure to pass, so that the employee may make an effort to rectify the same and repost if the job again becomes available for posting. If an employee is disqualified as a result of failing to pass a Company-administered oral test (such as given in Customer Service), and the employee files a grievance as a result thereof, the employee will be given another oral test, and the Company will tape-record the same for use in the grievance procedure.
- 8.18 When a vacancy occurs on any given shift (vacancy being an opening to which no other more senior qualified employee may move in the exercise of her lack of work seniority rights as set forth in Section 8.5) within the same occupational group, the remaining qualified incumbents of the particular job classification in the same occupational group working on the other shifts shall, in order of seniority, have the choice of being assigned the vacancy. However, an employee may not use her seniority to change shifts more than twice a year, except due

to lack of work or reduction of force. Shift preference rights hereunder shall take preference over job posting rights under Article X, *infra*, and shall also take preference over lack of work seniority rights of employees having less office-wide seniority as set forth in Section 8.5.

ARTICLE IX **Bulletin Boards**

- 9.1 A bulletin board will be made available to the Union in each building for the purpose of posting union notices concerning the internal affairs of the Union such as meetings, dues, entertainment, health, safety, and other Union matters relating thereto. The Company will give fair consideration to allowing more than one (1) bulletin board in a given building upon request by the Union, if sufficient proof of necessity satisfactory to the Company is presented. There shall be no posting on such bulletin boards of any matters pertaining to government politics, grievances or complaints, or any other matters not relating solely to the internal affairs of the Union as defined above. In the event of an emergency situation, and upon written request, the Company will use its P.A. system to announce Union notices to employees. It is not expected that the P.A. system will be used as a substitute for posting of Union notices on the bulletin boards, except in an emergency situation. The Company reserves the right to reject the use of its P.A. system where in its sole judgement such rejection is appropriate.

ARTICLE X **Job Posting**

- 10.1 Vacancies due to new jobs in wage grades 1 through 11, or permanent openings on existing jobs in wage grades 1 through 11, shall be posted on bulletin boards for three (3) working days subject to the following:
- 10.2 To be considered, applications from employees for such posted jobs must be made by signing the job bid list to be posted in the department where the job is located, and also posted in a central posting location in each building, within the three (3) day working period. Such applications will be considered on the basis of first preference to the presently qualified bidding employee having the most departmental seniority within the occupational group. In the event two (2) or more bidding employees have equal qualifications, the employee with the most departmental seniority within the occupational group shall be selected. If no employee having departmental seniority within the occupational group is presently qualified, next preference will be given to the presently qualified bidding employee within the occupational group having the most Company-wide seniority. In the event two (2) or more bidding employees have equal qualifications, the employee with the greatest Company-wide seniority within the occupational group shall be selected. When a job is posted that requires the selected applicant to attend a training class, the date of the initial class will be listed on the job posting. The Company will indicate the selected applicant, if any, within fifteen (15) working days after the posting has been removed, and will transfer such chosen applicant into the posted job opening within fifteen (15) working days from the date of notification but no later than the second pay period which falls within such fifteen (15) working day period, unless the Company decides not to fill such opening in which case the applicant will be so notified within fifteen (15) working days from date of original notification. In postings for vestibule training, the selected applicant, if any, will be notified of her selection within fifteen (15) working days after the posting has been removed, and will be transferred into the posted classification at the time the first training class for such posted opening begins. In the event the Company decides not to fill such opening for vestibule training, it will notify the selected applicant within three (3) working days from the date such decision is made. The names of selected applicants for posted openings shall be posted on the central posting location in each building. Any employee may be used on such job during the period before the applicant is selected. The applicant chosen in accordance with the above will be given an opportunity of up to ten (10) working days to demonstrate that she is presently qualified to perform the job. If she fails to perform the job satisfactorily within such up to ten (10) working day period, she may return to her prior job. If such employee is returned to her prior job by the Company, the Company will advise the steward thereof at the time or prior to the time of such return, providing a steward is available, and if not available as soon as a steward becomes available. Such ten (10) day trial period may be extended by mutual agreement in writing between the parties (Union and Company).
- 10.3 A qualified employee having seniority who wishes to bid on a job in the occupational group other than her own (i.e., part-time to full-time, or full-time to part-time) may do so as provided in Section 10.2 above. The seniority of part-time employees will be annualized at the end of each calendar year and the full-time seniority equivalent

will be in effect for job posting purposes for the following calendar year. Actual annualized seniority for part-time employees would be calculated during such calendar year if such seniority adjustment would determine the successful bidder. The seniority of a part-time employee shall be prorated on the basis of her annualized number of regularly scheduled hours just prior to her bid, as a ratio to the annualized number of regularly scheduled hours of a full-time employee times the number of years since her last date of hire as a part-time employee. In the event a full-time employee successfully bids for a part-time job and the employee successfully demonstrates her present qualifications as provided in Section 10.2, her seniority within the part-time occupational group shall be measured from last date of hire as a full-time employee. (If such employee again becomes a full-time employee, she shall be given full credit for all time she was a part-time employee, which pro-rata shall not include her previous service as a full-time employee.) (Example: A part-time employee scheduled for one half the number of hours of a full-time employee, in accordance with the above, for a period of three [3] years, who successfully bids on a full-time job, would have one and one-half years [1-1/2] of seniority in her new full-time occupational group. A full-time employee with three [3] years of seniority who successfully bids on a part-time job, in accordance with the above, would have three [3] years seniority in her new part-time occupational group.) Length of service and eligibility for benefit purposes of employees who change occupational groups as provided above shall be as per past practice.

- 10.4 Copies of the job lists and the names of applicants selected shall be supplied to the Union. The Company will use its best efforts to supply such lists on a weekly basis.
- 10.5 The Company reserves the right to reject bids when in its judgment it determines the applicant or applicants are not presently qualified to perform the job, subject to the grievance procedure. An applicant may also be rejected by the Company for a posted job in the same or higher wage grade where such employee is on disciplinary layoff at Step Three (3) or more of the disciplinary procedure (Appendix A, *infra*) for violation of rules 1 through 8, or is on Step Three (3) or more violations of rules 16, 17 or 22, or has been on such disciplinary action as described above within the six (6) month period immediately preceding the date of the posted job. In the event of arbitration concerning the Company's decision as to whether a bidding employee is presently qualified and/or performs the job satisfactorily, the impartial arbitrator's decision shall be based on and limited to the question of whether the Company's decision was arbitrary or unreasonable.
- 10.6 The Company will not consider an applicant for another posted job who has accepted a posted job in a different classification (or a nonlateral job in the same classification) within six (6) months from the date of the transfer, unless there are no other eligible presently qualified bidding employees. If, however, the employee posts into and is accepted in a job which requires Multiple-Module Vestibule Training (MMVT), such employee is not eligible to be accepted in another posted job within six (6) months following the completion of any module of training. However, in this event, the employee will be released from her six (6) months restriction if the Company has not completed the employee's MMVT within one (1) year from the date of the first training class as specified in the posting.
- In the event the employee is transferred by the Company into a new system or method of work (such as COMSTAAR or EDS), as provided in Section 20.3, *infra*, which requires retraining, such employee is not eligible to be accepted in a posted job within six (6) months from the date of such transfer.
- Any of the above may be waived or modified by mutual agreement of the parties (Union and Company).
- 10.7 The Company will not consider an applicant for another posted job in her same classification who has accepted a job in her same classification within one (1) year from the date of transfer, providing the resultant transfer would be a lateral transfer from job to job within the same classification. Examples of current lateral and nonlateral transfers are as agreed to in the 1986-87 negotiations. In the effect of such a lateral transfer, the Company will not post the jobs vacated by such successful lateral transferees, but will instead fill the same from the eligible bidders in order of seniority appearing on the bid list for the initial job filled by the lateral transferee.
- 10.8 (Job Training) An employee who desires to be filled in on another classification within her department and occupational group under Article XIX, Section 19.5, and who possesses the required job skills, may submit her name to the Personnel Department indicating such desire, as well as the classification sought. The Company will use its best efforts consistent with efficient operation and work load demands to use such employees on fill-in work in the classification

sought where available. The Company will use its best efforts consistent with efficient operation and work load demands to consider first an employee who has requested training consistent with the above before using an employee for such work who has not submitted a training request for the work in question. When two (2) or more employees consistent with the above request training on the same work and no employee has yet commenced training on such work, first preference will be given to the employee within the occupational group who has the most departmental seniority. No employee shall have any right to be filled in for training purposes on overtime work, nor may this provision be construed to limit the Company's right to hire presently qualified applicants to fill permanent openings on new jobs where no presently qualified employee is available or where no presently qualified employee has posting rights.

The Company will provide the Union with copies of the fill-in training requests hereunder as received. If the employee fill-in training request is for another classification located within the employee's current section (i.e., managed by the same supervisor) and such training has not been commenced within three (3) months from receipt of the request, the Company, upon inquiry from the Union, shall explain the reasons therefore. If the employee fill-in training request is for another classification within her department, but outside her section, and such training has not been commenced within six (6) months from receipt of the request, the Company, upon inquiry from the Union, shall explain the reasons therefore.

ARTICLE XI **Hours of Work and Overtime**

- 11.1 The normal full time workweek for pay purposes shall be eight (8) hours per day and forty (40) hours per week, Monday through Friday, except full time employees working Sunday through Thursday. This section, however, shall not be construed as a guarantee of any amount of work or as a limitation of the hours of work in any period. In the event the Company determines to stagger assigned times in a particular classification or classifications, employees working in such classification or classifications within the section or department, shall be given preference of starting time by seniority consistent with efficient operation.
- 11.2 Wherever feasible consistent with production requirements, the Company by area will schedule starting times on a staggered basis with the affected employees being given their choice of starting time. In the event of conflicts, the more senior employee will be given the choice if consistent with efficient operations. A junior employee will not be forced to work other than her regular shift if other alternatives consistent with efficient operation are available. It is understood that the number of jobs and the number of employees to be assigned each starting time will be determined by the Company. The intent of this provision is to broaden the Company's past practice of allowing staggered starting times where feasible consistent with the above. The administration of this provision will be discussed with the Union upon reasonable advance notice and request. Staggered starting times may vary by area.
- 11.3 Paid rest periods of fifteen (15) minutes each one-half full-time shift shall be allowed. Unpaid lunch periods of forty-five (45) minutes or thirty (30) minutes, depending on the shift, shall be allowed.
- 11.4 Time and one-half shall be paid for time worked in excess of forty (40) hours per workweek, or in excess of eight (8) hours per workday. Double time shall be paid for work performed in excess of twelve (12) consecutive hours in any one workday. Double time shall be paid to regular full time employees who normally work a workweek of Monday through Friday and who perform work on Sunday, and except for employees working a Sunday through Thursday workweek and for such employees double time shall be paid for all hours worked on the seventh consecutive day of their workweek. Hours paid for holidays (except as provided in Section 13.7) vacations, personal days, STD/FMLA Bank and time spent for bargaining shall be counted as time worked for the purpose of determining weekly overtime.
- 11.5 Any employee (including building services employees) working a regularly scheduled shift ending between the hours of 8:00 p.m. and 4:00 a.m. shall receive a bonus of forty cents (40¢) per hour. Any employee working a regularly scheduled shift starting between the hours of 8:00 p.m. and 4:00 a.m. shall receive a bonus of fifty cents (50¢) per hour.
- 11.6 Any employee who skips a break must work to the end of the scheduled shift before overtime pay commences. Any break not taken is waived by the employee.
- 11.7 In no case shall premium or overtime pay be paid twice for the same hours worked and none of the premiums or

overtime specified in this Agreement shall be duplicated or pyramided.

- 11.8** Employees regularly working five (5) or more hours per day who are required to work two (2) or more hours overtime in the same day shall be entitled to a meal allowance of \$3.50. Employees regularly working less than five (5) hours per day who are required to work two (2) or more hours overtime in the same day shall be entitled to a meal allowance of \$2.25.
- 11.9** Regular full-time and full-time limited employees who are scheduled and report to work at their regular starting time without having been given prior notice not to report to work, and who are prevented from working by conditions within the control of the Company, not including acts of God, power failure, breakdown, or other conditions beyond the control of the Company, shall be given at least one-half of their regular scheduled straight time hours work or if that amount of work is not available equivalent pay. In the event the City of Milwaukee, or the county in which the employee resides, declares a snow emergency, employees who report to work on such snow emergency days not later than two (2) hours beyond their scheduled starting time, and whose delay was caused by such snow emergency, will be paid from the beginning of their scheduled shift up to one (1) hour. If the employee is later than one (1) hour but less than two (2) hours, the employee will not be assessed an incident of tardy and has the option of making up the second hour. Make-up time must be done in the same week at the straight time hourly rate in effect (i.e., working through lunch or working late). If the City of Milwaukee declares a snow emergency, The Company may determine whether the weather conditions are of such a hazardous nature that the office should be closed, and in such event, working employees will be excused and paid for the remainder of their shift, except employees needed to maintain essential services. Employees required to remain to provide essential services after the office is closed for a snow emergency will be paid at time and one half (1/2) of the employee's current straight time hourly rate.
- 11.10** Employees not normally scheduled to work on Saturday or Sunday who are called in to work on Saturday or Sunday shall be given at least four (4) hours work or if that amount of work is not available, four (4) hours pay at applicable hourly rate. Employees called in to work on a paid holiday shall be given at least four (4) hours work or if that amount of work is not available, four (4) hours pay at applicable rate. Maintenance employees required to carry a beeper for call in shall be paid six (6) extra hours pay per week for being available for such call in. The Company will pay mileage to maintenance employees who are required to travel to the Pewaukee office if Company transportation is not available.
- 11.11** In the assignment of overtime work, it is the intent that over a reasonable period of time the Company will endeavor to distribute such work as follows:
- a) By turn among qualified employees presently on the job of the applicable job classification; and
 - b) On a rotating basis within occupational group and department section by seniority.

An employee for any reason not working any overtime when assigned shall have such assigned overtime counted as a turn. In the event an employee is overlooked in the rotation of overtime assignment, when such error is reported or discovered, the employee shall be assigned overtime out of turn to make up for such omission when overtime work is next available. This provision is not intended to guarantee any overtime work assigned from time to time shall necessarily be of equal duration. Although overtime will be assigned on a voluntary basis, it is understood that individual employees upon adequate advance notice will be expected to work a reasonable amount of overtime.

Any employee who is on a Step 3 (oral warning stage) corrective action for work quality or work production will be ineligible for overtime availability.

- 11.12** During each year of the duration of this Agreement, for the workweeks between the Memorial Day holiday and the Labor Day holiday the first shift employees will work a summer hour schedule of 7:45 a.m. to 4:45 p.m. Monday through Thursday with two (2) fifteen (15) minute paid rest periods and one-half hour unpaid lunch period, and 7:45 a.m. to 1:45 p.m. on Friday, with one (1) fifteen minute paid rest period. There will be no lunch period on Fridays. Hours for employees working other than the first shift will be adjusted accordingly. During the above summer hours period, overtime shall be paid at time and one-half for time worked in excess of forty (40) hours per week, or in excess of eight and one-half (8-1/2) hours per workday on Monday through Thursday, and in excess of six (6) hours per workday on Friday. During such summer hours period, in the event that a paid

holiday, STD, personal day or vacation day (and funeral pay, jury pay, military pay, etc.) falls on a Friday, the same shall be paid at six (6) hours, and in the event the same falls on Monday through Thursday, the same shall be paid at eight and one-half (8-1/2) hours per day. Employees assigned to work beyond 1:45 p.m. on Friday will work until 4:45 p.m., and will be assigned Friday summer hours as defined above on another day during the same workweek, unless otherwise agreed between the employee and the supervisor.

ARTICLE XII
Definition-Employees

- 12.1 Regular full-time employees for benefit purposes are those employees who are scheduled to work thirty-six (36) to forty (40) hours per week.
- 12.2 Full-time limited employees for benefit purposes are those who are regularly scheduled to work thirty (30) or more hours per week but less than thirty-six (36) hours per week.
- 12.3 Regular part-time employees for benefit purposes are those who are regularly scheduled to work twenty (20) or more hours per week but less than thirty (30) hours per week.
- 12.4 Part-time limited employees for benefit purposes are those who are regularly scheduled to work less than twenty (20) or more hours per week or less than four (4) weeks per month.
- 12.5 The Company may use temporary help to perform work ordinarily performed by members of the bargaining unit. The Company shall provide the Union with a listing of all temporary workers performing work ordinarily done by bargaining unit employees on a monthly basis. Additionally, a temporary help assignment will not extend for more than fifty (50) consecutive working days unless no later than the fifth (5th) work day following the end of the fifty (50) working day period, the Company notifies the Union of the need for an extension. The Company's notification shall include an explanation of the need for the extension. The Union may reject any such Company request for an extension.
- 12.6 Full-time limited, regular part-time and part-time limited employees will normally be scheduled to work a regular workweek within the range of hours applicable to their employment category. Such employees may from time to time work in excess of the applicable range of regularly scheduled hours for purposes of overtime, training, emergencies, meeting peak operational and customer needs or because another employee is absent from work. The exceptions are not intended to cause a part-time employee to exceed her range of regularly scheduled hours on a regular basis.

ARTICLE XIII
Holidays

- 13.1 Eligible employees shall be paid for the following full holidays not worked:

New Year's Day	Labor Day	Day Before Christmas
Good Friday	Thanksgiving Day	Christmas Day
Memorial Day	Day After Thanksgiving	Day Before New Year's Day
Independence Day		
- 13.2 To be eligible for holiday pay an employee:
 - a) Must have completed her probationary period; and
 - b) Must work the last regularly scheduled shift to which she is assigned immediately prior to the holiday and the scheduled shift to which she is regularly assigned immediately following the holiday unless excused as indicated below. Employees who utilize call-in personal days on the days immediately preceding or immediately following the holiday will not receive holiday pay unless excused as indicated below. Employees will be excused by the Company for confirmed personal illness or injury, sickness or death in the immediate family or situations beyond the control of the employee, provided the excused absence commences not more than fifteen (15) calendar days immediately preceding the holiday, and provided further that if such excused absence does commence within fifteen (15) calendar days immediately preceding the holiday it does not extend more than fifteen (15) calendar days following the holiday. However, if the excused absence

commences on the first scheduled shift to which she is assigned immediately following the holiday, the employee will be eligible for holiday pay provided she works the last regularly scheduled shift to which she is assigned immediately prior to the holiday, and such excused absence does not extend more than fifteen (15) calendar days immediately following the holiday and the employee returns to work on the first scheduled workday immediately following the expiration of her excused period of absence.

- c) An employee having seniority who is laid off due to lack of work will be eligible for holiday pay provided the layoff commenced not more than fifteen (15) calendar days proceeding the holiday.
 - d) An employee absent due to a compensable industrial injury will be eligible for holiday pay provided the absence commenced not more than fifteen (15) calendar days preceding the holiday.
- 13.3 Eligible regular full-time employees shall be paid eight (8) hours for holidays. Eligible full-time limited, regular part-time and part-time limited employees shall receive holiday pay on a pro-rata basis based on the number of hours per day they are regularly scheduled to work.
- 13.4 If one of the above holidays falls within an employee's vacation period and the employee is otherwise eligible, she will be paid holiday pay in addition to her vacation pay, or she may take an extra day off with pay. If the employee wishes to exercise her option to take an extra day off with pay, she must notify the Company at least one (1) week in advance of such day.
- 13.5 If one of the above holiday falls on a Sunday, it will be observed the following Monday, unless Monday is also a holiday, in which case it will be observed, at the option of the Company, on the following Tuesday or preceding Friday. If one of the above holidays falls on a Saturday, it will, at the option of the Company either be observed on the preceding Friday or the following Monday. The Company will post notices of its designation hereunder at least thirty (30) days in advance of the holiday.
- 13.6 An employee required to work on a holiday shall be paid double time plus holiday pay, if eligible, for all hours worked on a holiday, except where such work is due to the natural beginning or completion of the employee's regular shift.
- 13.7 Holiday pay shall be considered as time worked for overtime purposes, except where such holiday is observed on a Saturday or Sunday. (This exception shall not apply where Saturday or Sunday is a part of the employee's scheduled workweek.)

ARTICLE XIV

Paid Time Off/Personal Days

- 14.1 To be eligible for paid time off/personal days, the employee must have passed her probationary period, and must be a regular full-time, full-time limited, or regular part-time employee. Eligible full-time limited and regular part-time employees receive paid time off/personal days on a pro-rated basis determined by the number of hours per week they are regularly scheduled to work.
- 14.2 Short term disability benefits are payable for an employee's own illness or accident. Benefits are available after the completion of a seven calendar day elimination period. The elimination period is waived on the day an employee becomes a hospital inpatient, or receives a non-diagnostic outpatient procedure, requiring general anesthesia, or if the employee is in an accident and medical care is received within 72 hours of the accident. The elimination period is not paid unless an employee chooses to utilize available paid personal days, (Article XIV) or available vacation days, (Article XVIII). Short term disability benefits are paid according to the following schedule:

Benefit Amount
Pay Replacement-Calendar Days

Years of Service	100%	60%
0-2	0	150
3-5	20	130
6-10	30	120
11-15	50	100
16-20	75	75
21-25	100	50
26-30	125	25
31+	150	0

14.3 Accumulated banked sick days under the former sick pay program are frozen and cease to accumulate as of June 30, 1994. The frozen banked sick days may be used as follows:

- a) To increase the 60% STD benefit to a 100% benefit during a qualified STD episode. Each day used from the bank to increase the STD benefit will reduce the bank by a whole day.
- b) To increase the 50% LTD benefit to a 100% benefit for a qualified LTD episode. Each day used from the bank to increase the LTD benefit will reduce the bank by a whole day.
- c) To the extent provided by law, accumulated banked sick days may be substituted by the employee for unpaid leaves of absence covered under the Federal and State Family and Medical Leave Acts.
- d) To apply as credited hours in the year of retirement.

14.4 Effective January 1, 1998, eligible employees actively at work will receive five (5) paid personal days (or the equivalent amount based on their weekly schedule) on January 1 of each year. Personal days may be used for any personal situation necessitating time off including, but not limited to, illness of the employee, to care for a child or to get medical care. When possible, the employee must notify the appropriate supervisor in advance so scheduling changes may be made. The use of call-in personal days before or after a holiday are subject to the provisions in Section 13.2(b), supra. The number of employees who use personal days the day prior to or the day after a holiday is further subject to the number of employees who are identified at vacation lock-in time as provided in Article 18. That is, the same number of employees shall be allowed to utilize personal days as those who are able to use vacation lock-in.

14.5 Employees hired after January 1 of each year will be awarded paid personal days on the following basis:

Month of Hire	Day(s) Awarded
January-February	5 days
March-April	4 days
May-June	3 days
July-August	2 days
September-October	1 day
November-December	0 days

14.6 Unused personal days will be paid out in cash at the end of the first quarter of each year. Personal days may not be carried over into the next calendar year. Employees who have given notice to terminate their employment may not utilize personal days during their last week of employment.

14.7 The Company shall have the right to require any employee to supply a physician's certificate as to medical necessity of absence from work, and it further shall have the right to require such employee to submit to a physical examination by a physician of the Company's selection which physician shall be paid by the Company. If the employee refuses to submit to such examination, or if in the judgment of the Company's examining physician such employee is able to return to work and fails to do so within three (3) working days after notice

thereof, she shall be deemed to have quit.

- 14.8 When an employee returns from sick leave, the determination of whether or not such employee is fit to return to work will rest solely with the Company.

ARTICLE XV
Funeral Pay

- 15.1 In the event of death of a member of the immediate family of an employee having seniority ("immediate family" is defined to include mother, father, legal guardian, sister, brother, wife, husband, child [including adopted or stepchild living with the employee], grandparent, grandchild, mother-in-law or father-in-law) the Company will grant an excused absence from work. Such excused absence may be up to but not exceeding three (3) regularly scheduled workdays starting on the day of death or the day following, or the day before the funeral, at the option of the employee. In no event shall more than one (1) scheduled workday be paid for time lost after the day of the funeral. The excused absence for the above shall be paid only for time lost during the employee's regular scheduled shift at a maximum of eight (8) hours per day up to three (3) days. Full-time limited, part-time limited and regular part-time employees shall receive such pay for the time lost on a pro-rated basis. No absence or allowance will be granted unless the employee attends the funeral. In the event of death of an employee's son-in law, daughter-in law, aunt or uncle, great grandparents, sister-in-law, or brother-in-law, the Company will grant an excused absence from work for one (1) day. Such excused absence will be without pay. No absence or allowance will be granted unless the employee attends the funeral.

ARTICLE XVI
Jury and Witness Duty

- 16.1 Any full-time, full-time limited, regular part-time or part-time limited employee having seniority who is required to respond to a call for jury duty or who is subpoenaed as a witness in court cases not involving a party to this Agreement shall be excused from work and the Company agrees to pay the difference between the jury or witness fees paid the employee (not including monies paid for mileage, or Saturday or Sunday jury or witness fees unless Saturday or Sunday is the employee's regularly scheduled workday), and the employee's regular daily rate of pay provided:
- a) That such employee gives prior notice to the Company as soon as practicable.
 - b) That such employee furnishes the Company with satisfactory evidence of her service on jury duty, as a witness.
 - c) That such employee each day reports for work for the time not needed as a juror, or witness, provided the time spent as a juror or witness does not exceed one-half (1/2) of her regularly scheduled shift. Second or third shift employees shall receive time off from work in hours equivalent to hours served as a juror or witness and be compensated as provided above.
 - d) Eligible part-time limited and regular part-time employees shall receive such pay on a pro-rated basis.

ARTICLE XVII
Miscellaneous

- 17.1 Regular full-time employees having seniority who are actively at work any time during the first two (2) weeks of December, unless absent during such period because of vacation or STD/FMLA Bank leave commencing not more than forty-five (45) days prior to December 1, shall receive a Christmas bonus based on the following:

Period of Service	Amount
-------------------	--------

Less than 6 months	\$5.00
Over 6 months, less than 2 years	10.00
Over 2 years, less than 3 years	20.00
Over 3 years, less than 4 years	30.00
Over 4 years, less than 5 years	40.00
Over 5 years, less than 6 years	50.00

For each additional year of service beyond 5th year, \$5.00 per year.

Employees having seniority other than regular full-time who are eligible as set forth above, shall receive the amounts on a pro-rated basis but not less than five dollars (\$5.00).

- 17.2 Through December 31, 2002, the Company will provide medical coverage to regular full-time, full-time limited and regular part-time employees, having seniority, with four (4) coverage options being provided; namely (1) CompCare, (2) P.P.O., (3) Blue Cross/Blue Shield (BC&BS) and (4) Design Healthcare. Coverage shall be as agreed to in negotiations leading to this Agreement: The Company will pay 90% of CompCare's rate which can be applied to any other medical product for both single and family coverages for regular full-time, full-time limited and regular part-time employees with hire dates prior to May 3, 1994. The Company will also provide dental coverage (Free-Standing Plan or Dentacare at the option of the employee) with the Company paying 90% of the monthly premium therefore and the employee paying the remaining 10%. The Company will also provide vision care (Standard Contract Without Sunglasses) and VMO (the VMO product vendor is discontinuing that program June 30, 2002) with the Company paying 90% of the monthly premium therefore and the employee paying the remaining 10%.
- a) For employees whose regular work schedule is 30 or more hours but less than 36 hours per week and whose hire date is May 3, 1994 or after or whose regular work schedule changes on or after May 3, 1994 from 36 or more hours to more than 30 hours but less than 36 hours, the Company will pay seventy-two percent (72%) of the CompCare premium. The employee contribution for any of the medical products selected will be the difference between full premium of the plan selected and seventy-two percent (72%) of the CompCare premium. This Article 17.2 (a) expires December 31, 2002.
 - b) For employees whose regular work schedule is 20 or more hours but less than 30 hours per week and whose hire date is May 3, 1994 or after, or whose regular work schedule changes on or after May 3, 1994 from 30 or more hours to more than 20 hours but less than 30 hours, the Company will pay fifty-four percent (54%) of the CompCare premium. The employee contribution for any of the medical products selected will be the difference between full premium of the plan selected and fifty-four percent (54%) of the CompCare premium. This Article 17.2 (b) expires December 31, 2002.
 - c) For employees whose regular work schedule is 30 or more hours but less than 36 hours per week and whose hire date is May 3, 1994 or after, or whose regular work schedule changes on or after May 3, 1994 from 36 or more hours to more than 30 hours but less than 36 hours, the Company will pay seventy-two percent (72%) of the dental and vision premiums. The employee contribution for any of these products selected will be the difference between full premium of the plan selected and seventy-two percent (72%) of the dental and vision premiums. This Article 17.2 (c) expires December 31, 2002.
 - d) For employees whose regular work schedule is 20 or more hours but less than 30 hours per week and whose hire date is May 3, 1994 or after, or whose regular work schedule changes on or after May 3, 1994 from 30 or more hours to more than 20 hours but less than 30 hours, the Company will pay fifty-four percent (54%) of the dental and vision premiums. The employee contribution for any of these products selected will be the difference between full premium of the plan selected and fifty-four percent (54%) of the dental and vision premiums. This Article 17.2 (d) expires December 31, 2002.
 - e) For employees on short term disability leave, the Company will provide medical coverage, and will pay the percentage of premium based upon the factors listed in 17.2,a, b, c, and d, supra. This Article 17.2 (e) expires December 31, 2002.
 - f) Effective January 1, 2003, CompCareBlue HMO – Option 2 (“Option 2”) will be the sole medical coverage plan provided to employees. The Option 2 plan of benefits will include a three-tier prescription drug

formulary provision. Under the prescription drug formulary, the level of copayment per prescription to be paid by employees and dependents will vary based on whether the drug is generic (\$5 copayment), brand-name preferred (\$15 copayment) and brand-name non-preferred (\$30 copayment). A particular drug's designation under the formulary program is subject to change as determined by CompicareBlue's pharmacy management provider. The Option 2 plan of benefits will be modified from its norm to add coverage for hearing aids on the same basis as provided under the Compicare HMO in effect at the effective date of this Agreement. All other standard provisions of Option 2 will apply.

Effective January 1, 2003, employees will pay a percentage of the total premium for the plan and level of coverage an employee elects as follows:

Plan	Effective Date	Employee Percentage of Premium			
		36 + Hours Per Week (FTR)	30 - 35.9 Hours Per Week (FTL)	20 - 29.9 Hours Per Week (PTR)	Less Than 20 Hours Per Week (PTL)
CompicareBlue	01/01/2003	10%	28%	46%	100%
HMO Option 2	01/01/2004	14%	32%	50%	100%
	01/01/2005	15%	33%	51%	100%
DentalBlue PPO TC118	01/01/2003	10%	28%	46%	100%
	01/01/2004	14%	32%	50%	100%
	01/01/2005	15%	33%	51%	100%
Dentacare TDC 111	01/01/2003	10%	28%	46%	100%
	01/01/2004	14%	32%	50%	100%
	01/01/2005	15%	33%	51%	100%
Vision – PVP	01/01/2003	10%	28%	46%	100%
	01/01/2004	10%	28%	46%	100%
	01/01/2005	10%	28%	46%	100%

- g) For employees on short term disability leave on and after January 1, 2003, the Company will provide medical coverage, and will pay its proportionate share of the premium (that portion of the premium not already paid by the employee) as applicable and as set forth in the schedule in Article 17.2 (f) above.
- 17.3 Through December 31, 2002, all employees who start work for the Company on or after June 1, 1989 and who have seniority may elect the lowest cost available group medical insurance coverage option for the first year of employment and until the next open enrollment period. The employee portion of the monthly premium for that coverage option will be as provided in Paragraph 17.2 supra. Part-time limited employees having seniority may pay the full premium cost and participate in group medical, dental and vision insurance coverages provided underwriting standards for medical insurability have been met and to the extent permitted by law and the terms of the applicable policies. This article 17.3 expires December 31, 2002.
- 17.4 The Company will continue in effect during the term of the Agreement for qualifying employees its qualified pension plans subject to the terms and provisions thereof, as amended in negotiations, including the Cobalt Corporation Pension Plan and UGS Pension Plan (as amended) and the BCBSUW Union Employees 401(k) Plan, as amended.
- 17.5 The Company agrees to provide group term life insurance and accidental death and dismemberment coverage to employees having completed six (6) months employment while such employees are actively employed with the Company on the following basis:

Regular full-time employees	\$20,000
Full-time limited employees	\$20,000
Regular part-time employees	\$20,000
Part-time limited employees	\$6,000

- 17.6 The Company will continue in effect during the term of this Agreement on the same basis as in the past (for regular full-time employees having at least three (3) months continuous service prior to the beginning of the course) its present Educational Tuition Assistance Program.
- 17.7 The Company will continue in effect during the term of this Agreement on the same basis as in the past its present long term disability insurance program.

ARTICLE XVIII
Vacations

- 18.1 Vacations shall be determined on an anniversary date basis. Time credit for vacation purposes shall be as follows:
- a) Two (2) weeks after one (1) year but less than five (5) years of continuous service, one of the two (2) weeks vacation after one (1) year may be taken after six (6) months of continuous service.
 - b) Three (3) weeks after five (5) years of continuous service.
 - c) Four (4) weeks after ten (10) years of continuous service.
 - d) For employees with a hire date prior to May 3, 1994 five (5) weeks after twenty (20) years of continuous service. For employees with a hire date of May 3, 1994 or after, five (5) weeks after twenty-five (25) years of continuous service.
- 18.2 Vacation pay shall be on the basis of 104% of the straight time hourly wage in effect at the time the vacation is taken.
- 18.3 An employee having completed at least one (1) year of continuous service who voluntarily terminates her employment shall receive pro-rata vacation pay for vacation time earned since her last anniversary date, provided she gives the Company written notice of her intention to terminate at least one (1) week prior to the termination date. Employees discharged for just cause shall not be entitled to receive such pro-rata vacation pay.
- 18.4 Vacations must be taken during the twelve (12) month period following the last anniversary date, except that unused vacation up to two (2) weeks may be carried over to the succeeding anniversary year, provided the scheduling thereof does not conflict with the efficient operation of the department, and provided further that no employee may carry over more than a maximum of two (2) weeks from any anniversary year to the next (and any amount in excess of two (2) weeks carried over will be forfeited). Scheduling thereof shall be as provided in 18.6 infra. Vacations of less than one (1) week (including one-half (1/2) day vacations) may be taken providing the employee notifies the Company at least three (3) days in advance and the same does not conflict with the efficient operation of the department. Such three (3) day advance notice may be waived by mutual agreement between the employee and supervisor. Separate vacation checks of one (1) week or more will be issued if requested in advance.

The Company will agree to allow employees to utilize vacation days on a call-in basis for casual absences, provided that the Company maintains the right to deny any call-in vacation request if the maximum number of employees designated at lock-in to take vacation are currently on vacation, and further provided that the Company has the right to deny a call-in vacation request in instances when the maximum number of employees designated to take vacation is not met if other employees are absent for reasons other than vacation (including, but not limited to, FMLA, STD, LTD, personal days and vacancies of up to two (2) months.)

The above statement does not suggest that the Company will always deny call-in vacation requests. Rather, each employee's request will be considered separately based on the needs of the department and the circumstances surrounding the request.

Employees may leave a voice mail message for their supervisors within one (1) hour of the earliest start time in their

department of their regularly scheduled shift as an acceptable notification of call-in vacation. It is the supervisor's responsibility to contact their employees on a timely basis to inform them of the approval or denial of such request.

- 18.5 In the event of the death of any employee who is entitled to vacation pay under the provisions hereof, such vacation pay shall be paid to her heirs or estate as provided by law.
- 18.6 Vacations will be assigned based on the following procedures: On or about November 15th, each year the Company, in each department, will circulate among employees, then at work, a vacation selection list, upon which each employee will specify her vacation choice (1st and an alternate selection) based on full weeks.

Employees may lock in periods of less than one week, (i.e. individual days), for the period of March 1 through March 1 of the following year.

Thereafter, the Company, in each department, will assign the vacation time for each selecting employee, so far as feasible, based on seniority, consistent with the efficient operation of the department. While it is recognized that the Company may restrict the number of employees taking vacation during a specific period of time, it is agreed that the Company will not designate any month during which no employee within a department is allowed to schedule a vacation. In case of conflicts the more senior employee will be given the choice if consistent with efficient operation, except that an employee located in the section at the time the vacation list was circulated who has selected a vacation time according to the above procedure shall have preference over an employee who has selected the same vacation who bids through job posting from a job in another section within the same department to a job in such section, irrespective of seniority. The Company will circulate the assignment list in each department no later than December 15. Vacations for employees who are not assigned vacation time, as provided above, or for employees who wish to change their vacations after December 15, will be assigned by the Company at the time desired by the employee, based on seniority, provided the choice does not conflict with the efficient operation of the department, or with the choice of any employee selecting pursuant to the list circulated, as described above, and provided further the employee gives at least ten (10) days advance notice in writing to the Company of her vacation or changed vacation choice. Such ten (10) day notices may be waived by mutual agreement in writing between the employee and supervisor. The supervisor shall inform the employee whether or not such vacation selection is approved, within five (5) working days of the employee request. Except as provided in 18.1(a) above, relative to vacations of one (1) week taken after six (6) months continuous service, vacations may not be taken before the anniversary date upon which the vacation is earned.

- 18.7 While it is recognized that the Company may restrict the number of employees taking vacation at a time, it is agreed that the number will be defined prior to the sign-up period. It is further agreed that the Company will not restrict the number of employees taking vacation at a time to less than that previously defined number. Employees may call-in vacation days if the number of employees previously defined at lock-in is not met and no other employees are absent for any other reason, as described in 18.4, supra. In the event an employee cancels a week of vacation, that said week will be made available for re-solicitation at the time of cancellation. Re-solicitation will be made in seniority order from non-locked in days only.

When an employee changes her regular shift from full-time to part-time, the employee will be paid the difference between the full-time accrued vacation benefit and the part-time accrued benefit. When the scheduled shift is changed from part-time to full-time, the accrued vacation benefit will be pro-rated and credited based on the proportions earned and accrued on a part-time and full-time basis.

- 18.8 An employee with ten (10) or more years of service may elect to take 1 week of unused vacation in cash instead of vacation time. An employee with twenty (20) or more years of service may elect to take 2 weeks of unused vacation in cash instead of vacation time.

ARTICLE XIX Wages

- 19.1 Effective May 3, 2002, there will be a 2.75% general increase.
Effective May 3, 2003, there will be a 2.50% general increase.
Effective May 3, 2004, there will be a 2.25% general increase.
- 19.2 The general increases indicated in 19.1 will be added to the wage scales which are contained in Schedules

I-VI and Schedules A-C. New employees shall be hired under Schedules I-VI. Schedules A-C shall apply only to those employees who were paid under the old wage system as red circled employees pursuant to Section 19.8 of the 1977-1980 Blue Cross contract and who continue to remain on such old wage system, subject to Section 19.10, infra.

- 19.3 On each May 3 of this contract, employees are also eligible for additional compensation to be paid out under the terms of the Merit Review Program described in Appendix H. Such additional compensation will be paid out to those eligible in the form of base pay increases.
- 19.4 Under the Merit Review Program, employees whose overall performance is evaluated at Meeting Expectations will receive the following to their base wage:

Employees who are not at the maximum of their wage grade:

Effective May 3, 2002 – 2.0%

Effective May 3, 2003 – 2.5%

Effective May 3, 2004 – 3.0%

Employees who are at the maximum of their wage grade:

Effective May 3, 2002 – 1.0%

Effective May 3, 2003 – 1.25%

Effective May 3, 2004 – 1.5%

Employees whose overall performance is evaluated at Does Not Meet Expectations will receive 0%. Any amounts left over from the total merit pool will be paid out to employees whose performance is evaluated as Exceeding Expectations.

- 19.5 Slotting of jobs under Schedules I-VI shall be in accordance with Schedule F. Slotting of jobs under Schedules A-C shall be in accordance with F-1.
- 19.6 Inexperienced employees are hired at the starting rate of wage grade to which they are assigned. Experienced employees or employees with specialized training may be hired to start at the rate within the wage grade to which they are assigned up to but not beyond the mid-point of the wage grade.
- 19.7 An employee who fills in on another job (whether in a higher or lower wage grade) due to temporary lack of work, vacation relief, absence of another employee, work load demands, training, etc., shall retain her regular wage grade rate and continue to progress within her regular wage grade as provided above.
- 19.8 When an employee is transferred from a higher wage grade job to a lower wage grade job, beginning the next pay period she shall receive the lower wage grade rate to which she is transferred which is immediately below (lower than) her then present rate and continue to progress within the lower wage grade as provided above.
- 19.9 When an employee is transferred from a lower wage grade job to a higher wage grade job, beginning the next pay period she shall receive the rate within the higher wage grade which is immediately above (higher than) her then present wage grade rate, and continue to progress within the higher wage grade as provided above. If such employee under the above received a wage increase of less than five cents (5¢) per hour, she shall be moved one step laterally in the higher wage grade.
- 19.10 Any red circled employee as described in Section 19.1 above who posts and receives another job under Article X shall drop her red circle and be slotted into the new wage system (Scheduled I-VI) as provided in Sections 19.8 or 19.9 above. Any red circled employee as described in Sections 19.1 and 19.2 above who is downgraded due to lack of work or reduction in force shall continue to remain on the old wage system to the following extent: In application of lack of seniority rules set forth in Article VIII, supra, the employee first exercises such rights to a job, if any, on Schedules A-C and F-1 which is in her same wage grade thereon, and then, if there is no such job available, to a job, if any, on Schedules A-C and F-1 which is one wage grade lower. If there is no such job available in the next lower wage grade, the employee then drops her red circle and is slotted into the new wage system (Schedules I-VI) to the extent allowed by the seniority rules set forth in Article VIII, supra, starting with the

wage grade under the new system in which such employee's job is slotted under the Job Evaluation Plan, and moving to the next lower wage grade if no job is available, and so on. When and if slotted into the wage system, such employee shall be slotted and paid as provided in Sections 19.8 or 19.9 above.

ARTICLE XX
Job Classifications

- 20.1 The job classifications as set forth in Schedule F shall remain in the same wage grades as shown on Schedule F during the term of this Agreement subject only to re-evaluation under the new Job Evaluation Plan due to significant changes in job content hereafter taking place, clerical errors or obsolescence.
- 20.2 When new jobs are placed into effect, or an existing job has changed significantly in job content, the Company will, either on its own with notice to the Union, or upon request of the Union, evaluate the same under the new job evaluation plan and slot such job in a wage grade under the new wage system. The job evaluation or re-evaluation will be completed within sixty (60) days of the date the request is received by the Company. The parties agree that the time limit to complete job evaluations or re-evaluations may be varied by mutual agreement in instances when multiple job evaluations are submitted at one time or if the job evaluation or re-evaluation is complex. Copies of the data sheets will be furnished to the Union. If a grievance concerning the new or changed job description or qualifications of slotting of such job is not filed within thirty (30) days after receiving such data sheets and slotting, the classification shall become permanent, subject only to re-evaluation under 20.1 above. If a grievance is filed and a change is made, the change will be applied retroactively to the date the new job was placed into effect. A Union industrial engineer may be called in by the Union to view the job in the event of a fourth step grievance involving evaluation or re-evaluation of a job.
- 20.3 Where a group of jobs is changed significantly in job content resulting in the contemplated movement and/or retraining of a large number of employees (such as the 1985 COMSTAAR II change), the Company will meet in advance and discuss with the Union the staffing (i.e., the movement and/or training of affected employees) of the resulting new or changed jobs with the objective being to staff the same as far as feasible based on the following:
- a) Current wage grade of affected employees.
 - b) Company-wide seniority.
 - c) Qualifications.
- Failure to reach agreement on such staffing shall not prevent the change or the movement and/or training of employees, and the Union shall have the right to grieve such staffing or a portion thereof.
- 20.4 If an existing job is moved to a lower wage grade due to re-evaluation, the then incumbents of such job shall continue to receive their higher wage rate and shall continue to progress in the higher wage grade on a red circle basis. If an existing job is moved to a higher wage grade due to re-evaluation, the then incumbents shall receive the higher wage rate as provided in Section 19.8, supra.
- 20.5 A grievance concerning a new classification or change in an existing classification may be submitted to arbitration under the procedure contained in Article VI of this Agreement. In the event of an arbitration involving a job evaluation, the impartial arbitrator selected under such procedure shall be a qualified industrial engineer familiar with job evaluation. The decision of the impartial arbitrator shall be limited to the application of the Job Evaluation Plan to the classification which is submitted to arbitration, as such classification relates to other classifications on Schedule F (except negotiated classifications).

ARTICLE XXI
Checkoff

- 21.1 Upon authorization conforming to state law voluntarily submitted in writing by an employee covered by this Agreement, the Company will withhold and deduct from her pay an amount equal to no more than the Union's regular and usual monthly dues, and the initiation fee, and remit the same to the Union.
- 21.2 The Company agrees to checkoff voluntary contributions monthly for the Union's VOTE program for each covered person who voluntarily executes a written authorization designating such deduction and the amount, and will remit the same to the Union.

- 21.3 If in the administration of Sections 21.1 and /or 21.2 above the Company does any act or fails to perform any act, either at the request of the Union or with its approval, and by reason of such conduct on the part of the Company, it is subjected to any claims, suits or demands, the Union agrees to defend, indemnify and hold the Company harmless from such claims, suits or demands.

ARTICLE XXII
Union Shop

- 22.1 It shall be a condition of employment that all employees covered by the terms of this Agreement shall become members of the Union on the fiftieth (50) scheduled work day of employment and shall remain members of the Union in good standing.
- 22.2 For the purpose of this Article, the phrase "a member of the Union in good standing" shall mean a member who has paid her initiation fee and periodic dues uniformly required for membership. In the event any employee in the bargaining unit fails to pay such initiation fee and periodic dues uniformly required for membership, she shall be discharged upon request made by the Union. Any such request made by the Union for the discharge of an employee under this Union shop provision shall be made to the Company in writing and a copy of such request shall be submitted by the Union to the employee. The employee shall be allowed a grace period of fifteen (15) days after a copy of the Union request is given to her within which to become current in the required uniform payments before the Company's obligation to discharge becomes effective.
- 22.3 If in the administration of this contractual provision the Company does any act or fails to perform any act, either at the request of the Union or with its consent, and by reason of such conduct on the part of the Company it is subjected to any claims, suits or demands, the Union agrees to defend, indemnify, and hold the Company harmless from such claims, suits or demands.

ARTICLE XXIII
Duration

- 23.1 This Agreement (including Appendices A-I and the Supplemental Agreement to the 2002-2005 Collective Bargaining Agreement) expresses the complete agreement and understanding of the parties on all matters pertaining to wages, hours and working conditions, and constitutes a full settlement of all bargaining issues for the term of this Agreement.
- 23.2 This Agreement shall become effective on May 3, 2002, and shall continue in effect to and including May 2, 2005 and from year to year thereafter unless either party in writing not less than sixty (60) days prior to May 2, 2005, or any succeeding anniversary date, shall notify the other by registered or certified mail of a desire to modify or terminate the same.
- 23.3 If written notice is given as provided above, this Agreement shall remain in effect during negotiations, provided however that after May 2, 2005, or any succeeding anniversary date, this Agreement and all obligations, requirements and rights set forth therein may be terminated by either party giving five (5) days notice in writing to the other party by registered or certified mail.
- 23.4 In the event that any provision of this Agreement (including Appendices A-I and the Supplemental Agreement) shall at any time be declared invalid by any court of competent jurisdiction or through government regulations or decree, such decision shall not invalidate the entire Agreement, it being the express intention of the parties hereto that all other provisions not declared invalid shall remain in full force and effect.

IN WITNESS WHEREOF, the parties being duly authorized hereby executed this Agreement as of this 3rd day of May, 2002, which is herewith the effective date.

BLUE CROSS & BLUE SHIELD UNITED OF WISCONSIN

By: Kathryn Koenen Potos
Jennifer Arnold
Barbara Hensley
Dawn Matos
Gina Wagner

OFFICE & PROFESSIONAL EMPLOYEES INTERNATIONAL AND UNION LOCAL NO. 9, AFL-CIO-CLC

By: Michael Bell
Suzanne Cohen
Josephine Frank
Peggy Kiesner
Michael Kuchinsky
Mary Mikorski
Gary Nuber
Tony Vanderbloemen