

**ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
ASHLAND ACQUISITION CORP.**

The undersigned, constituting all of the members of the Board of Directors (the “*Board*”) of ASHLAND ACQUISITION CORP., a Wisconsin corporation (the “*Company*”), pursuant to the authority and provisions of Chapter 180 of the Wisconsin Statutes, hereby adopt the following resolutions by written consent:

APPROVAL OF MERGER

WHEREAS, the Board of the Company, a wholly-owned subsidiary of PacifiCare Health Systems, Inc., a Delaware corporation (“*Parent*”), believes that it is advisable and in the best interests of the Company and its shareholder for the Company to enter into an Agreement and Plan of Merger (the “*Merger Agreement*”) with American Medical Security Group, Inc., a Wisconsin corporation (“*AMS*”), whereby Parent will acquire all of the outstanding capital stock of AMS through a merger of the Company with and into AMS (the “*Merger*”), with AMS being the surviving corporation in the Merger in accordance with the Merger Agreement;

WHEREAS, the Board has received and had an opportunity to review an Agreement and Plan of Merger to be entered into by and among AMS, Parent, and the Company, a copy of which is attached hereto as *Exhibit 1* (the “*Merger Agreement*,” and including the exhibits thereto, the “*Merger Documents*”);

WHEREAS, after due consideration of many factors, the Board believes that the acquisition of AMS through the Merger is advisable, fair and in the best interests of the Company and its shareholder.

NOW, THEREFORE, BE IT RESOLVED, that the Merger Agreement be, and it hereby is, authorized, approved and declared advisable in all respects;

RESOLVED FURTHER, that the Merger Documents, substantially in the forms presented to the Board and attached hereto as *Exhibit 1* and the transactions contemplated thereby, be, and they hereby are, authorized and approved in all respects, subject to any modifications or amendments to provisions other than the amount and type of merger consideration, the termination fee or other material financial terms that the officers of the Company, upon advice of financial advisors and counsel, may approve, which approval shall be evidenced conclusively by such officer’s execution and delivery of the modified or amended Merger Documents, exhibits or schedules;

RESOLVED FURTHER, that the officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to take any action that may be necessary to execute, deliver and perform the Merger Documents and to carry out the

transactions contemplated by the Merger Documents and the Merger, including the execution and delivery of other agreements, instruments, certificates or other documents related;

RESOLVED FURTHER, that the Merger Agreement, as executed by the officers of the Company, be, and it hereby is, submitted for adoption by the Company's shareholder in accordance with the provisions of Chapter 180 of the Wisconsin Statutes; and

RESOLVED FURTHER, that if the Merger Agreement and the transactions contemplated thereby are approved and adopted by the shareholder of the Company and the other conditions to closing in the Merger Agreement are satisfied or waived by the Company, the appropriate officers of the Company be, and each of them hereby is, authorized and empowered on behalf of and in the name of the Company to execute and file with the Department of Financial Institutions of the State of Wisconsin articles of merger merging the Company with and into AMS.

CONSENTS AND APPROVALS

RESOLVED, that the appropriate officers of the Company be, and each of them hereby is, authorized, empowered and directed, in the name of and for and on behalf of the Company, to make, execute, file and deliver any and all consents, approvals, certificates, documents, instruments, amendments, papers or writings as may be required to comply with any state insurance law or other statute, rule or regulation or any federal or state securities, corporation or other laws or other statutes, rules or regulations in connection with or in furtherance of the foregoing, and to do any and all other acts necessary or desirable to effectuate the foregoing resolutions and all the transactions contemplated herein, the execution and delivery thereof by such officers of the Company to be deemed conclusive evidence of the approval by the Company of the terms, provisions and conditions thereof; and

FURTHER RESOLVED, that the appropriate officers of the Company be, and each of them hereby is, authorized, empowered and directed, in the name of and for and on behalf of the Company, to prepare or cause to be prepared, and to execute, verify and file, such other schedules, statements, reports, documents, powers or amendments thereto that, in the judgment of the officer taking such action, are necessary or appropriate in order to obtain any order, approval or certificate of, or from, the Commissioner of Insurance of the State of Wisconsin, the Commissioner of Insurance of the State of Georgia or any other federal, foreign or state governmental office, agency or entity.

ANTITRUST FILINGS

RESOLVED, that in order for Parent and, as applicable, the Company, to comply with any applicable requirements of domestic or foreign antitrust or competition laws, statutes, rules and regulations (the "**Antitrust Requirements**"), including, but not limited to, any filing requirements thereunder, the appropriate officers of the Company be, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Company, with the assistance of counsel, to prepare, execute, deliver and file or cause to be prepared, executed, delivered and filed all notifications, reports, statements, documents and information, if any, required to be filed by the Company pursuant to the Antitrust Requirements and to respond to any requests for additional information and to meet or confer with, or to cause counsel to meet or confer with,

officials of any domestic or foreign regulatory authority relating to the Merger or any related transaction.

LEGAL PROCEEDINGS

RESOLVED, that the appropriate officers of the Company be, and each of them hereby is, authorized, empowered and directed, in the name of and for and on behalf of the Company, to take any steps in connection with initiating or defending legal proceedings in any federal, state or foreign court or governmental agency that may be necessary or appropriate in connection with the Merger or any related transaction and to execute any and all further instruments or any amendments thereto and to effect all necessary filings or any amendments thereto with any and all appropriate federal, state and foreign courts or regulatory authorities.

PAYMENT OF FEES

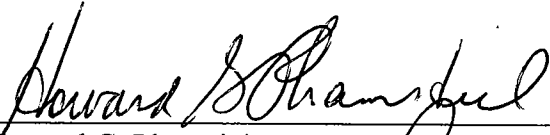
RESOLVED, that the appropriate officers of the Company be, and each of them hereby is, authorized, empowered and directed, in the name of and for and on behalf of the Company, to pay all necessary and reasonable fees incurred by the Company in connection with the Merger and related transactions, including, but not limited to, all printing expenses, fees and expenses of the Company's investment bankers, auditors and legal counsel, fees and expenses of outside consultants, filing fees to be made in connection with Antitrust Requirements, Form A filings or filings with any other governmental agency.

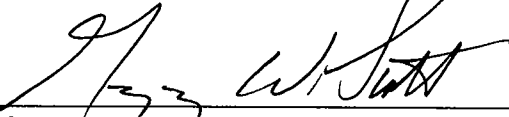
ANCILLARY POWERS AND RATIFICATION OF PAST ACTS

RESOLVED, that the officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to take all such actions, to make all necessary filings, to execute any applications, certificates, agreements, or any other instruments, documents, amendments or supplements to such documents and to do any and all other acts deemed necessary, desirable or in the best interests of the Company in order to carry out the intent and to effectuate the purposes of the foregoing resolutions; and

RESOLVED FURTHER, that any and all actions heretofore taken by the officers of the Company with respect to the preparation and negotiation of the Merger Documents, and that are consistent with the foregoing resolutions, are hereby ratified, approved, authorized, confirmed and accepted in all respects as the acts and deeds of the Company.

IN WITNESS WHEREOF, the undersigned have executed this Action by Written Consent as of September 15, 2004.


Howard G. Phanstiel


Gregory W. Scott

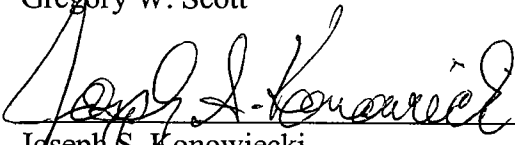

Joseph S. Konowiecki

EXHIBIT 1
MERGER DOCUMENTS

**ACTION OF
THE SOLE SHAREHOLDER OF
ASHLAND ACQUISITION CORP.**

The undersigned, the sole shareholder of record of Ashland Acquisition Corp., a Wisconsin corporation (the "*Company*"), acting pursuant to the authority of Chapter 180 of the Wisconsin Statutes, hereby adopts the following resolutions:

APPROVAL OF MERGER

WHEREAS, the Board of the Company, a wholly-owned subsidiary of PacifiCare Health Systems, Inc., a Delaware corporation ("*Parent*"), has adopted and approved an Agreement and Plan of Merger, a copy of which is attached hereto as *Exhibit 1* (the "*Merger Agreement*," and including the exhibits thereto, the "*Merger Documents*") with American Medical Security Group, Inc., a Wisconsin corporation ("*AMS*"), whereby Parent will acquire all of the outstanding capital stock of AMS through a merger of the Company with and into AMS (the "*Merger*") with AMS being the surviving corporation in the Merger in accordance with the Merger Agreement;

WHEREAS, after due consideration of many factors, the undersigned shareholder of the Company believes that the acquisition of AMS through the Merger is advisable, fair and in the best interests of the Company and the undersigned.

NOW, THEREFORE, BE IT RESOLVED, that the Merger Documents, substantially in the forms attached hereto as *Exhibit 1* and the transactions contemplated thereby, be, and they hereby are, authorized and approved in all respects, subject to any modifications or amendments to provisions other than the amount and type of merger consideration, the termination fee or other material financial terms that the officers of the Company, upon advice of financial advisors and counsel, may approve, which approval shall be evidenced conclusively by such officer's execution and delivery of the modified or amended Merger Documents, exhibits or schedules; and

RESOLVED FURTHER, that the officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to take any action that may be necessary to execute, deliver and perform the Merger Documents and to carry out the transactions contemplated by the Merger Documents and the Merger, including the execution and delivery of other agreements, instruments, certificates or other documents related thereto.

IN WITNESS WHEREOF, the undersigned has executed this Action as of September 15,
2004.

PACIFICARE HEALTH SYSTEMS, INC.

By: Howard G. Phanstiel

Name: Howard G. Phanstiel

Title: Chairman and Chief Executive Officer

EXHIBIT 1

MERGER DOCUMENTS