

AMENDED AND RESTATED JOINT VENTURE AGREEMENT

BY AND AMONG

UNITY HEALTH PLANS INSURANCE CORPORATION

BLUE CROSS & BLUE SHIELD UNITED OF WISCONSIN

UNITED WISCONSIN SERVICES, INC.

AND

COMMUNITY HEALTH SYSTEMS, LLC

AMENDED AND RESTATED JOINT VENTURE AGREEMENT

This AMENDED AND RESTATED JOINT VENTURE AGREEMENT ("Agreement") is made and entered into as of October 25, 1999, to become effective on the Effective Date (as defined in Section 9.2), by and among Unity Health Plans Insurance Corporation, a stock insurance corporation organized under Chapter 611 of the Wisconsin Statutes ("Unity"), Blue Cross & Blue Shield United of Wisconsin, a Wisconsin insurance corporation ("Blue Cross"), United Wisconsin Services, Inc., a Wisconsin business corporation ("UWS"), and Community Health Systems, LLC, a Wisconsin limited liability company ("LLC") (collectively, "Parties").

RECITALS

1. UWS, UWS Acquisition Corporation, Blue Cross, HMO-W Incorporated, a Wisconsin business corporation, and HMO of Wisconsin Insurance Corporation (n/k/a Unity Health Plans Insurance Corporation), a Wisconsin health maintenance organization ("HMOW") entered into that certain Agreement of Merger and Joint Venture dated as of October 11, 1994 ("Previous Agreement").

2. Simultaneous with Closing under the Previous Agreement, the transactions contemplated in the Amended and Restated Joint Venture Agreement by and among Blue Cross, UWS, University Health Care, Inc., a corporation organized under Chapter 181 of the Wisconsin Statutes ("UHC"), University Community Clinics, Inc. (then known as Health Professionals, Inc.), a corporation organized under Chapter 181 of the Wisconsin Statutes ("UCC"), U-CARE HMO, Inc., a Wisconsin health maintenance organization which has subsequently dissolved, and Health Professionals of Wisconsin, a Wisconsin business corporation ("HPW"), dated as of October 31, 1994 (the "Previous UHC Joint Venture Agreement"), also closed.

3. Pursuant to the Previous Agreement and the Previous UHC Joint Venture Agreement, a single joint venture (the "Unity Joint Venture") was created between the relevant parties to the Previous Agreement and the Previous UHC Joint Venture Agreement.

4. In 1995, HMOW changed its name to Unity Health Plans Insurance Corporation, which is the operating vehicle of the Unity Joint Venture.

5. Blue Cross, UWS, UHC, UCC and HPW entered into that certain Second Amended and Restated Joint Venture Agreement dated as of September 30, 1999 (the "UHC Joint Venture Agreement") to amend and restate the terms and conditions of the joint venture formed pursuant to the Previous UHC Joint Venture Agreement (the "UHC Joint Venture").

6. Blue Cross and UWS desire to maintain their managed care operations in Southern Wisconsin, utilizing the provider relationships Unity and Community Physicians Network, Inc., a member of LLC, ("CPN") have established in the region.

7. LLC represents the rural interests involved in the joint venture.

8. The Parties wish to continue to coordinate the design and marketing of Point of Service ("POS"), Health Maintenance Organization ("HMO"), and Third Party Administration ("TPA") products and programs and such other products and programs as the Parties may from time to time agree.

9. The Parties desire, effective upon the Effective Date, to amend and restate the terms and conditions of the joint venture formed under the Previous Agreement, upon the terms and conditions set forth in this Agreement and in the documents to be executed and performed pursuant to this Agreement, a list of which is attached hereto as Schedule 1 (collectively, "New Joint Venture Documents").

10. The Parties believe that the continuation of the Unity Joint Venture with UHC, UCC and HPW is in their best interests.

11. The Parties believe that entering into this Agreement and the New Joint Venture Documents will better enable the Parties to satisfy their respective objectives outlined above.

In consideration of the premises and the mutual promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

ARTICLE 1 - CONTINUATION OF JOINT VENTURE

1.1. Joint Venture. The Parties are entering into a series of related contracts with one another and with certain third parties in order to produce, market, and administer managed care products which utilize a provider network. The joint venture continued pursuant to this Agreement (the "Joint Venture") will coordinate the design and marketing of one or more POS and HMO products and programs, all of which may be fully insured or self-funded, a TPA program, and such other products and programs as the parties may from time to time agree. The Joint Venture became operational when Closing occurred under the Previous Agreement.

1.2. Agency Relationship. This Agreement shall not create any agency relationship between the Parties other than those specifically enumerated herein and in the other New Joint Venture Documents. The relationships between the Parties are that of independent contractors in a cooperative arrangement. It is not the intent of the Parties to create, nor should this Agreement be construed to create, a partnership or an employment relationship between the Parties. This Agreement creates no fiduciary relationship between the Parties except as provided in Section 2.1.F.

1.3. Relationship to the UHC Joint Venture. The transactions contemplated in the Previous UHC Joint Venture Agreement closed on November 1, 1994, thereby creating the UHC Joint Venture. Accordingly, pursuant to the Previous Agreement and the Previous UHC Joint Venture Agreement, the business of the Joint Venture and the business of the UHC Joint

Venture were combined to create a single joint venture, which is referred to as the "Unity Joint Venture"

ARTICLE 2 - GOVERNANCE

2.1. Governing Board.

The Unity Joint Venture shall be managed by a governing board ("Governing Board") which shall consist of the members appointed as follows:

A. Unless and until the UHC Joint Venture terminates pursuant to Article 7 of the UHC Joint Venture Agreement:

UWS	Four members
LLC	Four members
UHC	Four members

B. On and after the termination of the UHC Joint Venture pursuant to Article 7 of the UHC Joint Venture Agreement:

UWS	Five members
LLC	Five members

C. The Parties shall cause the Governing Board to meet at least once in each fiscal quarter at the Unity Joint Venture's home office facility or such other place as the Governing Board may from time to time agree. Any individual member of the Governing Board shall have the power and authority, upon three days written notice, to call a meeting of the Governing Board to discuss and administer the business of the Unity Joint Venture. Members of the Governing Board may participate in meetings either telephonically or in person. The Unity Joint Venture shall not pay members of the Governing Board.

D. A chair shall preside over each meeting of the Governing Board. The chair shall be a member of the Governing Board and the entities entitled to appoint members shall each have the power to appoint the chair for a one year term on a rotating basis; provided, however, that the chair of the Governing Board shall not be the then active chief executive officer of Unity. In addition to the members appointed to the Governing Board as set forth above, each entity that is entitled to appoint members of the Governing Board shall have the right to invite up to two people (who may differ from meeting to meeting) as non-participating invitees to attend any meeting of the Governing Board and its committees ("Non-Participating Invitees"). The Non-Participating Invitees shall have the right to attend meetings of the Governing Board and of its committees, but shall have no right or authority to participate in any meeting, including, without limitation, the right to discuss or vote on any matter brought

before the Governing Board or any committee, unless the Non-Participating Invitee is a member of such committee.

E. Meetings of the Governing Board and its committees shall be attended only by (i) people who are actually appointed as members of the Governing Board or the relevant committee (ii) the Non-Participating Invitees; and (iii) any other person invited by the Governing Board or its committees in accordance with the voting requirement set forth in Section 2.2. Any person invited by the Governing Board or its committees to attend their meetings shall attend only the portion of the meeting for which they were invited, and shall be excused once the purpose of their attendance has been satisfied; provided, however, that this sentence shall not apply to any Non-Participating Invitee.

F. Each Non-Participating Invitee shall be deemed to owe to Unity the same fiduciary duty of loyalty that is owed by the members of the Governing Board. At the request of any entity that is entitled to appoint members to the Governing Board, each Non-Participating Invitee shall execute and deliver to Unity and the entity making the request an agreement confirming that the Non-Participating Invitee owes such duty in a form attached as Exhibit 2.1.F. Notwithstanding the fiduciary duties owed by members of the Governing Board and the Non-Participating Invitees, each member of the Governing Board and each Non-Participating Invitee shall be permitted to disclose (a "Disclosing Person") to his or her employer information concerning or related to Unity's performance under any contract between Unity and the employer (it being understood and agreed that such information shall not include, without limitation, any information that would have value to a competitor of Unity or any information that would cause Unity to lose the benefit of the attorney-client privilege in the reasonable judgement of UWS) disclosed at any meeting of the Governing Board or its committees; provided, however, that the Disclosing Person shall have notified the Governing Board of the intended disclosure in advance. The previous sentence shall not apply where the employer is a Party to this Agreement; it being understood and agreed by the Parties that members of the Governing Board and Non-Participating Invitees may disclose, subject to the confidentiality provisions contained in Section 11.3, information concerning Unity to a Party to this Agreement.

G. Unity shall provide LLC's administrative manager with written notice of all meetings of the Governing Board and its committees in a manner substantially similar to the notice provided to the members of the Governing Board or its relevant committees, as the case may be.

2.2. Voting Requirement. Except as set forth herein, the Governing Board may not take any action without the approval of at least eight of its members (five if the UHC Joint Venture terminates), which shall include at least one member elected by each entity appointing members to the Governing Board. Without limiting its generality, the previous sentence shall apply to the appointment of the CEO of Unity. Notwithstanding the first sentence of this Section, any eight members of the Governing Board may remove the CEO of Unity, even if there is not at least one member elected by each entity appointing members to the Governing Board voting for such removal.

2.3. Duties of the Governing Board.

A. The Governing Board shall be responsible for the general management of the Joint Venture. Notwithstanding the foregoing, the Underwriters (as defined in Section 5.1) shall have the sole authority, without the approval of the Governing Board, to establish rates and arrange reinsurance for the Joint Venture business, consistent with the budget and business plan approved by the Governing Board.

B. The Governing Board shall establish such books, records and accounts for the Joint Venture as it deems reasonably necessary and allow each of the Parties, upon request, to review such books, records and accounts. The Governing Board shall maintain records of all of its meetings and actions taken in a manner substantially similar to that which a Board of Directors of a corporation organized under Chapter 180 of the Wisconsin Statutes would maintain.

2.4. Committees. The Governing Board may establish such committees as it may deem necessary or appropriate; provided, however, that any committee so created must contain at least one member from each of the entities entitled to appoint members to the Governing Board.

2.5. Bylaws. The Governing Board shall continue to be governed by its bylaws as in existence on the date hereof, including any subsequent changes to such bylaws that may be made in accordance with their terms.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1. LLC.

LLC hereby represents and warrants to the UWS Entities as follows:

A. LLC is a Wisconsin limited liability company and is duly organized, validly existing and in good standing under the laws of the State of Wisconsin.

B. LLC (a) is duly qualified as a foreign limited liability company and is in good standing under the laws of each jurisdiction where the failure to qualify would have a material adverse effect upon it; (b) has the requisite power and authority and the legal right to own, pledge and operate its properties, to lease the property it operates under lease and to conduct its business as now conducted; (c) has all necessary licenses, permits, consents or approvals from or by, and has made all necessary filings with, and has given all necessary notices to, all governmental authorities having jurisdiction, to the extent required for such ownership, operation and conduct except where the failure to obtain such licenses, permits, consents or approvals or to make such filings will not have a material adverse effect upon it; (d) is in compliance with its articles of organization and operating agreement and all material agreements to which it is a party or by which it is bound except where the failure to comply will not have a material adverse effect upon it; (e) is in compliance in all respects with all

applicable provisions of law except where the failure to comply will not have a material adverse effect upon it; and (f) has no subsidiaries.

C. The execution, delivery and performance of this Agreement and all documents to be executed and delivered by LLC hereunder, (a) are within its respective power; (b) have been duly authorized by all necessary or proper action, including the consent of its members, managers, or board of directors, where required; (c) are not in contravention of any provision of its respective articles of organization or operating agreement; (d) do not violate any law or regulation, or any order or decree of any court or governmental instrumentality applicable to it; and (e) do not conflict with or result in the breach of, or constitute a default under, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which it is a party or by which it or any of its property is bound, and the same do not require the consent or approval of any governmental body, agency, authority or other entity other than those that have been obtained. This Agreement has been duly executed and delivered by LLC and constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms except as such enforceability may be limited by bankruptcy or similar laws affecting the enforceability of creditor's rights generally and by general principles of equity.

D. LLC is not a party to any litigation or administrative proceeding, nor so far as is known by it is any litigation or adverse administrative proceeding or hearing threatened against any entity which in either case relates to the execution, delivery or performance of this Agreement or the Joint Venture.

E. No information, exhibit or report, whether written or oral, furnished by LLC to Blue Cross or UWS in connection with the negotiation or execution of this Agreement contained any misstatement of a material fact or omitted to state a material fact necessary to make the statements contained therein not misleading as of the date when made.

3.2. The UWS Entities.

Blue Cross and UWS (together, the "UWS Entities") hereby represent and warrant to LLC as follows:

A. Blue Cross is a corporation duly organized, validly existing and in good standing under the laws of Wisconsin. UWS is a corporation duly organized, validly existing and in good standing under the laws of Wisconsin.

B. The execution, delivery and performance of this Agreement and all documents to be executed and delivered by any of the UWS Entities hereunder (a) is within its corporate power; (b) has been duly authorized by all necessary or proper corporate action, including the consent of shareholders where required; (c) does not contravene any provision of its certificate or articles of incorporation or by-laws; (d) does not violate any law or regulation, or any order or decree of any court or governmental instrumentality applicable to it; and (e) does not conflict with or result in the breach of, or constitute a default under, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which it is a party

or by which it or any of its property is bound, and the same do not require the consent or approval of any governmental body, agency, authority or other entity other than those that have been obtained. This Agreement has been duly executed and delivered by each of the UWS Entities and constitutes the legal, valid and binding obligation of each of the UWS Entities, enforceable against it in accordance with its terms except as such enforceability may be limited by bankruptcy or similar laws affecting the enforceability of creditors rights generally.

C. Each of the UWS Entities (a) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where the failure to qualify would have a material adverse effect upon it; (b) has the requisite corporate power and authority and the legal right to own, pledge and operate its properties, to lease the property it operates under lease and to conduct its business as now conducted; (c) has all necessary licenses, permits, consents or approvals from or by, and has made all necessary filings with, and has given all necessary notices to, all governmental authorities having jurisdiction, to the extent required for such ownership, operation and conduct except where the failure to obtain such licenses, permits, consents or approvals or to make such filings will not have a material adverse effect upon it; (d) is in compliance with its certificate or articles of incorporation and by-laws and all material agreements to which it is a party or by which it is bound except where the failure to comply will not have a material adverse effect upon it; and (e) is in compliance in all respects with all applicable provisions of law except where the failure to comply will not have a material adverse effect upon it.

D. None of the UWS Entities is a party to any litigation or administrative proceeding, nor so far as is known by them is any litigation or adverse administrative proceeding or hearing threatened against any entity which in either case relates to the execution, delivery or performance of this Agreement or the Joint Venture.

E. No information, exhibit or report, whether written or oral, furnished by the UWS Entities to LLC in connection with the negotiation or execution of this Agreement contained any misstatement of a material fact or omitted to state a material fact necessary to make the statements contained therein not misleading as of the date when made.

ARTICLE 4 - COVENANTS

4.1. LLC.

A. Corporate Structure. LLC shall not change its structure or organization as presently in effect, or merge with or into or consolidate with or into any other corporation or entity, unless LLC notifies UWS at least 15 days in advance of the closing of any such transaction or restructuring and such successor corporation or entity agrees in writing to be bound by, and assume and discharge all responsibilities and obligations of LLC under, this Agreement, the New Joint Venture Documents and all documents and agreements referred to herein and therein.

4.2. UWS Entities.

A. Voting the Stock of Unity. UWS shall vote the stock of Unity in such a way as to ensure that the Governing Board constitutes all of the members of the Board of Directors of Unity and that the bylaws of Unity and the committee structure of the Board of Directors of Unity are substantially similar to that established and maintained for the Governing Board.

B. Notice. In the event that UHC has given notice to UWS of its option to reacquire the business of UHC as set forth in Article 6 of the UHC Joint Venture Agreement, UWS shall promptly provide such notice to LLC.

4.3. Mutual Covenants.

A. Each of the Parties shall use all reasonable efforts and act in good faith to take, or cause to be taken, all action, and to do or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective as promptly as possible the transactions contemplated by this Agreement, including, without limitation, using all reasonable efforts to fulfill or cause the fulfillment of the conditions set forth in ARTICLE 10.

B. In consideration of the consulting services provided by LLC related to the HMO business of Unity, the Parties agree to cause Unity to pay to LLC, on the 20th day of each month during the term of this Agreement, a monthly fee equal to Four Thousand Dollars (\$4,000).

ARTICLE 5 - OPERATIONS OF THE JOINT VENTURE

5.1. Underwriting. Unity shall be the underwriter of the HMO and HMO portion of the POS plans (the indemnity portion to be underwritten by Blue Cross or an affiliate) offered by the Joint Venture (in such capacity, Blue Cross and its affiliates, and Unity, shall be referred to as "Underwriters").

5.2. Benefit Administration. On self-funded programs, Unity shall administer benefits under the HMO and POS plans (in such capacity, Unity shall be referred to as the "Administrator").

5.3. Administrative Services. On or before the Effective Date, the Parties shall cause their members of the Governing Board, and the board of directors of Unity, to approve and adopt the Statement of Policy on Administrative Services attached hereto as Exhibit 5.3 ("Administrative Services Policy").

ARTICLE 6 - OPTION TO REACQUIRE

6.1. Option: Expiration of Agreement. LLC shall have the option to acquire, on the expiration of any term of this Agreement (each, an "Expiration Date"), all of the stock of Unity (the "Unity Stock") subject to the terms and conditions set forth herein in Sections 6.1, 6.3, and 6.4. LLC shall give written notice to the UWS Entities of its intention to exercise this option on or before the 180th day prior to the applicable Expiration Date, but not earlier than the 210th day prior to the applicable Expiration Date and, if the UHC Joint Venture Agreement has not been terminated, then LLC shall give written notice to UHC; provided that if UHC has given notice of its option to reacquire the UHC Business as set forth in Article 6 of the UHC Joint Venture Agreement, then LLC must give written notice on or before the 150th day prior to the applicable Expiration Date, but not earlier than the 180th day prior to the applicable Expiration Date.

6.2. Option: Change in Control. LLC shall have the option to acquire, upon a Change in Control (as defined in this paragraph below), the Unity Stock as of the Scheduled Closing Date (also as defined in this paragraph below), subject to the terms and conditions in Sections 6.2, 6.3, and 6.4. UWS shall give written notice to LLC of any proposed Change in Control ("Change in Control Notice") on or before the sixtieth day prior to the closing of such Change in Control. The Change in Control Notice shall describe in reasonable detail the parties to, and the essential terms and conditions of, the Change in Control, including the proposed closing date (the "Scheduled Closing Date"), but excluding the price and any other confidential terms. LLC shall give written notice to the UWS Entities of its intention to exercise its option on or before the tenth day after the Change in Control Notice, in which case LLC's acquisition of the Unity Stock shall close on the Scheduled Closing Date. In the event that LLC fails to so notify the UWS Entities in accordance with the previous sentence, then its option set forth in this Section 6.2 shall expire, and the proposed Change in Control may proceed and close on whatever terms and conditions to which the buyer and seller may agree; provided, however, that the identity of the buyer shall be as disclosed in the Change in Control Notice, or one of its affiliates. The term "Change in Control" shall mean a sale by UWS of 50 percent or more of the voting common stock of Unity to an entity that is not, on the date of this Agreement or at anytime thereafter, an affiliate of any UWS Entity; provided, however, that any such sale shall not constitute a "Change in Control" if either (i) it occurs as a part of, or in connection with, a sale by any UWS Entity of any other Significant Affiliate or the business operated by, or substantially all the assets of, any other Significant Affiliate (as defined in the next sentence) or (ii) (A) it occurs as part of, or in connection with, the sale of any affiliate of Unity or the business or substantially all the assets of any such affiliate and (B) either (1) the GAAP net worth of Unity equals 50 percent or less of the GAAP net worth of the business being sold, including Unity, in each case as of the end of the most recent quarter or (2) the gross revenue of Unity equals 50 percent or less of the gross revenue of the business being sold, including Unity, in each case as of the end of the most recent year. "Significant Affiliate" shall mean any affiliate of Unity which has a GAAP net worth as of the most recent quarter greater than or equal to \$12 million or a Health Maintenance Organization affiliate of Unity which has a GAAP net worth as of the most recent quarter greater than or equal to \$5 million.

6.3. LLC's exercise of its right to acquire the Unity Stock pursuant to Sections 6.1 or 6.2 shall terminate the Joint Venture on the applicable Expiration Date or the closing of the exercise of UHC's option under Section 6.2, as the case may be, unless the Parties agree otherwise.

6.4. Exercise Price and Terms. The price at which LLC may purchase the Unity Stock shall be the then current net worth of Unity as of the date of said purchase plus any amounts UWS paid to CPN pursuant to the Previous Agreement that were not distributed as contract signing incentives to primary care physicians or used for the development, enhancement and maintenance of independent physician practices. The purchase price shall be paid in cash. Net worth shall be determined by applying the same accounting principles as were applied in determining the price at which UWS acquired the stock of Unity pursuant to the Previous Agreement. In the event LLC exercises its option provided herein, the assets and business of Unity shall include the remaining assets and business of Unity which existed immediately prior to the date of the Previous Agreement which have not been transferred, assigned or conveyed (including the groups and members which were then with HMOW) and subsequently acquired assets plus an equitable division of new business obtained by the Joint Venture, but shall not include other managed care business acquired by UWS with the Joint Venture or merged with the Joint Venture, including, without limitation, the business attributable to the UHC Joint Venture and its proportionate share of subsequent growth. Any tax liabilities resulting to Unity as a result of transferring or adjusting the business and assets of Unity to comply with the immediately preceding sentence shall be reimbursed by UWS in the event such liabilities were not reflected in the net worth of Unity for purposes of determining the purchase price.

In the event LLC exercises the option to purchase the Unity Stock, UWS shall make warranties and representations to LLC similar to those as made by HMO-W, Incorporated to UWS in the Previous Agreement. Attached as Exhibit 6.4 is the text of the warranties and representations made by HMO-W Incorporated to UWS as contained in the Previous Agreement. The obligations of the Parties to close the reacquisition of the Unity Stock by LLC shall be subject to the receipt of all necessary approvals and consents of insurance regulatory authorities pursuant to all applicable insurance laws and the receipt of all necessary approvals and consents by any other governmental or regulatory authority whose approval is required by law.

ARTICLE 7 - TERM AND TERMINATION

7.1. Term. The initial term of the Joint Venture shall expire on December 31, 2004, unless earlier terminated in accordance with this ARTICLE 7. Thereafter, the Joint Venture shall automatically renew for additional five (5) year terms unless terminated in accordance with this ARTICLE 7.

7.2. Termination. The Joint Venture may be terminated only as follows.

A. The Joint Venture may be terminated at the end of the initial or any subsequent term by (i) LLC provided that it shall give written notice to the UWS Entities on or before the 180th day prior to the scheduled Expiration Date, but not earlier than the 210th day prior to such scheduled Expiration Date and (ii) the UWS Entities, provided that they shall give written notice to LLC on or before the 270th day prior to the scheduled Expiration Date, but not earlier than the 280th day prior to the scheduled Expiration Date; provided, however, that if UHC has given written notice of termination of the UHC Joint Venture pursuant to Article 7.2 of the UHC Joint Venture Agreement, then LLC may within thirty days give notice of termination effective 180 days thereafter or on a timetable as otherwise agreed by the parties.

B. The Joint Venture will automatically terminate (i) on the applicable Expiration Date if LLC exercises its right to reacquire the Unity Stock in accordance with Section 6.1, and (ii) on the Scheduled Closing Date if LLC exercises its right to reacquire the Unity Stock in accordance with Section 6.2, in each case unless the Parties agree otherwise.

C. The Joint Venture shall terminate 90 days after any Party shall notify the other Parties that (i) a Party to which such notifying party is not affiliated ("Breaching Party") has breached any of its obligations under this Agreement or (ii) a representation or warranty of the Breaching Party has proven to have been materially false when made, unless under either (i) or (ii) the Breaching Party shall have cured such breach or the condition which renders such representation or warranty to be false, or the Party giving notice shall have waived such breach or falsehood in writing to the Other Parties on or before the expiration of such 90 day period; provided, however, that if such breach or condition is incurable, the Joint Venture shall not terminate unless such breach or condition impairs or could reasonably be expected to impair in any material respect the operation of the Joint Venture or the interest of the Party providing the notice under this Section 7.2.C or any of its affiliates. The Party notifying the other Parties as provided in the previous sentence shall promptly send a copy of such notice to UHC.

D. The Joint Venture shall terminate at the election of UWS in the event that LLC becomes the subject of any bankruptcy, insolvency or similar proceedings.

E. The Joint Venture shall terminate at the election of LLC in the event that Blue Cross or UWS become the subject of any bankruptcy, insolvency or similar proceedings.

7.3. Effect of Termination of UHC Joint Venture. In the event that the UHC Joint Venture Agreement is subsequently terminated and this Agreement has not terminated on or before the date that the UHC Joint Venture Agreement terminates, then the Joint Venture created pursuant to this Agreement shall continue in accordance with its terms without the business and other attributes of the UHC Joint Venture, as if the UHC Closing did not occur.

7.4. Rights to Unity Name. In the event that this Agreement expires or is terminated for any reason and LLC exercises its option to acquire the Unity Stock in accordance with Article 6, the Parties acknowledge and agree that LLC, as the stockholder of Unity, shall have

the sole right to use the name "Unity Health Plans Insurance Corporation" and all derivations thereof, or any of the trademarks and marks used at any time by Unity or the Joint Venture.

7.5. Unity Stock and Termination for Cause by LLC. In the event that LLC terminates the Joint Venture in accordance with Section 7.2.C or Section 7.2.E, then LLC shall have the option to acquire, on the 60th day after the Joint Venture terminates (the "For-Cause Option Exercise Date"), the Unity Stock in accordance with ARTICLE 6. LLC shall give written notice to the UWS Entities of its intention to exercise this option on or before the 10th day after the Joint Venture terminates, but no earlier than the day on which the Joint Venture terminates.

7.6. Unity Stock and Termination for Cause by the UWS Entities. In the event that a UWS Entity terminates the Joint Venture in accordance with Section 7.2.C or Section 7.2.D, then LLC shall have the right to exercise its option to acquire the Unity Stock in accordance with ARTICLE 6 (i) at what would have been, but for such termination, the next applicable Expiration Date of this Agreement or (ii) ninety (90) days from the date of termination, whichever is later. For all other purposes, this Agreement and the Joint Venture shall terminate, including, without limitation, LLC's right to (i) appoint members to the Governing Board pursuant to Section 2.1; and (ii) receive the monthly consulting fee provided by Unity pursuant to Section 4.3.B.

ARTICLE 8 - ARBITRATION

8.1. Negotiation. In the event of any dispute between any of the UWS Entities on the one hand and LLC on the other hand arising out of or relating to the formation, interpretation, performance or breach of this Agreement or any of the New Joint Venture Documents (including, without limitation, any dispute concerning Unity's compliance with the Administrative Services Policy or the decision to terminate or not terminate any Administrative Services Agreement entered into pursuant to the Administrative Services Policy), the UWS Entities and LLC shall use their best efforts to resolve such dispute. If they are unable to do so, such dispute shall be submitted to the Governing Board for resolution. The Governing Board shall have the authority to consult legal, financial or other advisors for the purpose of resolving such dispute, and the fees and expenses of any such advisors shall be shared equally by the disputing parties. If the Governing Board is unable to resolve such dispute by the vote required by ARTICLE 2 within 30 days, such dispute may be submitted to arbitration in accordance with Section 8.2.

8.2. Arbitration.

A. Each side shall each appoint an individual as arbitrator and the two so appointed shall then appoint a third arbitrator. If either side refuses or neglects to appoint an arbitrator within thirty (30) days of receipt of a written notice of demand for arbitration, the other side may appoint the second arbitrator. If the two arbitrators do not agree on a third arbitrator within thirty (30) days of their appointment, each of the arbitrators shall nominate three individuals. Each arbitrator shall then decline two of the nominations presented by each of the other arbitrators. The third arbitrator shall be chosen from the remaining two

nominations by drawing lots. The arbitrators shall be active or former officer of an insurance or reinsurance company, managed care organization, or Lloyd's of London underwriters. None of the arbitrators shall have a personal or financial interest in the result of the arbitration.

B. The arbitration hearings shall be held in Madison, Wisconsin, or such other place as may be mutually agreed. Each side shall submit its case to the arbitrators within thirty (30) days of the selection of the third arbitrator or within such longer period as may be agreed by the arbitrators. The arbitrators shall not be obliged to follow judicial formalities or the rules of evidence except to the extent required by governing law, that is, the state law of the situs of the arbitration as herein agreed; they shall make their decisions according to the practice of the insurance business. The decision rendered by a majority of the arbitrators shall be final and binding on both sides and on Unity as appropriate. Such decision shall be a condition precedent to any right of legal action arising out of the arbitrated dispute which any side may have against the others. Judgment upon the award rendered may be entered in any court having jurisdiction thereof.

C. Each side shall pay (i) the fee and expenses of its own arbitrator, (ii) one-half of the fee and expenses of the third arbitrator and (iii) one-half of the other expenses that the Parties jointly incur directly related to the arbitration proceeding. Other than as set forth above, each Party shall bear its own costs in connection with any such arbitration including, without limitation, (i) all legal, accounting, and other professional fees and expenses and (ii) all other costs and expenses each Party incurs to prepare for such arbitration.

D. Except as provided above, arbitration shall be based, insofar as applicable, upon the Commercial Arbitration Rules of the American Arbitration Association.

ARTICLE 9 - EFFECT OF AGREEMENT

9.1. Prior Agreement and Joint Venture Documents. This Agreement amends and restates the Previous Agreement in its entirety as of the Effective Date. This Agreement, and the New Joint Venture Documents, supersede all prior discussions and agreements between, and contain the sole and entire agreement between, the Parties with respect to the subject matter hereof and thereof, on and after the Effective Date.

Notwithstanding the previous paragraph, the Previous Agreement and any related documents (including, without limitation, the Service Agreement, dated November 1, 1994, by and between UWS and LLC (the "Service Agreement")) shall continue to govern the transactions, covenants, obligations, agreements, and representations and warranties of the Parties as provided therein prior to the Effective Date; provided, however, that notwithstanding anything in the Previous Agreement and related documents to the contrary, the Previous Agreement and related documents shall remain in full force and effect until the Effective Date. Any disputes arising under or related to the Previous Agreement or any related documents shall be resolved in accordance with the arbitration provisions set forth in Article 9 of the Previous Agreement; provided, however, that any disputes arising under the Service Agreement shall be resolved in accordance with Article 15 thereof. In addition, any

documents related to the Previous Agreement that are also identified on Schedule 1 as New Joint Venture Documents shall remain in full force and effect in accordance with their terms on and after the Effective Date, except as amended pursuant to this Agreement. Any documents related to the Previous Agreement that are not identified in Schedule 1 shall be terminated as of the Effective Date.

9.2. Effective Date. The "Effective Date," as used in this Agreement, shall mean January 1, 2000.

9.3. Final Accounting. The Parties acknowledge and agree that a final accounting ("Accounting") shall be conducted pursuant to Section 3(e) of the Service Agreement within six (6) months from the Effective Date. The Accounting shall be deemed a final determination of the Parties' obligations under Section 3(e) of the Service Agreement and any distribution made thereunder shall be deemed payment in full of the Total Service Payment (as defined in the Service Agreement); provided, however, that in the event the Accounting is completed prior to July 1, 2000, the Parties shall remain responsible for any development that occurs on or before July 1, 2000, and an appropriate true-up payment shall be made to the appropriate Party to reflect any such development. The Parties shall be deemed to release and discharge each other from any further obligations under Section 3(e) of the Service Agreement upon the payment of any amount required by the Accounting and any true-up payments; provided, however, that such release and discharge shall not apply to any payment disputes between the Parties that are in arbitration on or before July 1, 2000.

ARTICLE 10 - CONDITIONS

10.1. Condition to Obligations.

The obligations of the Parties under this Agreement are subject to the fulfillment or waiver by the Parties (on or before October 30, 1999 in the case of subsections (i), (ii), (iii) and (iv), and the Effective Date in the case of subsection (v)) of the following conditions precedent: (i) the execution and delivery by the parties to the UHC Joint Venture Agreement of an amendment to the UHC Joint Venture Agreement which shall make the UHC Joint Venture Agreement consistent with this Agreement and the New Joint Venture Documents, as reasonably determined by the UWS Entities and UHC, HPW and UCC; (ii) the execution and delivery of the UHC Provider Agreement (as defined in Section 5.5.A(ii) of the UHC Joint Venture Agreement) by and among the UWS Entities and UHC or a binding letter of intent to enter into such agreement; (iii) the execution of provider agreements for UHC and University of Wisconsin Medical Foundation, a Wisconsin nonprofit organization, that relate to the Joint Venture business ("CPN Provider Agreements") or binding letters of intent to enter into such agreements; (iv) the execution of amended delegated services agreements by and between Unity and CPN for the provision of medical management and other related services for the Joint Venture; and (v) the receipt of all necessary approvals and consents of insurance regulatory authorities pursuant to all applicable insurance laws and the receipt of all necessary approvals and consents by any other governmental or regulatory authority whose approval is required by law.

10.2. Effect of the Failure of a Condition.

In the event that any condition described in Section 10.1 fails and is not waived, and the Parties have complied with their obligation set forth in Section 4.3.A, then this Agreement shall become void and shall have no further force or effect. In addition, in such event, the Parties agree that, notwithstanding the provisions of the Previous Agreement to the contrary, the Previous Agreement shall not terminate prior to (i) February 1, 2000 if any of the conditions set forth in subsections (i), (ii), (iii) or (iv) of Section 10.1 fail, and LLC may give notice under Section 4 of the Service Agreement no earlier than November 5th, 1999, nor later than November 15, 1999; and (ii) the one-hundred twentieth (120th) day after the condition set forth in subsection (v) of Section 10.1 fails and LLC may give notice under Section 4 of the Service Agreement no earlier than ninety (90) days, nor later than one hundred (100) days, after the condition in subsection (v) of Section 10.1 fails. LLC shall not give notice under Section 4 of the Service Agreement, except in accordance with the previous sentence.

ARTICLE 11 - GENERAL PROVISIONS

11.1. Amendments. This Agreement may only be amended by the consent of the Parties expressed in a written addendum; and such addendum, when executed by all Parties, shall be deemed to be an integral part of this Agreement and binding on the Parties.

11.2. Successors and Assigns. This Agreement shall inure to the benefit of and bind each of the Parties and their successors and assigns. Except as may be permitted pursuant to Section 4.1.A or Section 6.2, neither this Agreement nor any right hereunder nor any part hereof may be assigned by any Party without the prior written consent of the other Parties (including, without limitation, any assignment in connection with a voluntary dissolution or liquidation of a Party) and all necessary regulatory authorities. For the avoidance of doubt, any of the UWS Entities may change their structure or organization, or merge with or consolidate with or into any other corporation or entity, and this Agreement may be assigned to any such successor entity and this Agreement shall be binding upon and inure to its benefit.

11.3. Confidential Information. The Parties acknowledge that all information of a given Party which has or will come into the possession of another Party in connection with this Agreement is non-public, confidential or proprietary in nature. Each Party agrees to hold such information in the strictest confidence, not to make use thereof other than for the performance of this Agreement, and not to release or disclose it to any third Party other than for the performance of this Agreement or as required by law. In the event that any Party ("Disclosing Party") is requested pursuant to, or required by, applicable law or regulation or by legal process to disclose any such information of another Party, the Disclosing Party shall provide such other Party with prompt notice of such request to enable such other Party to seek an appropriate protective order. The Disclosing Party shall cooperate with such other Party in connection with such matter.

11.4. Interpretation. This Agreement shall be interpreted to preserve the purposes of the Joint Venture and to maintain its integrity. It is the intent of the Parties that minor,

technical and immaterial violations of this Agreement and related documents and minor inconsistencies and ambiguities should be resolved in favor of continuation of the Joint Venture.

11.5. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Wisconsin (without giving effect to principles of conflicts of laws) applicable to a contract executed and to be performed in such state.

11.6. Headings, etc. The headings used in this Agreement have been inserted for convenience and do not constitute matter to be construed or interpreted in connection with this Agreement. Unless the context of this Agreement otherwise requires, (a) words of any gender will be deemed to include each other gender, (b) words using the singular or plural number will also include the plural or singular number, respectively, (c) the terms hereof, herein, hereby, and derivative or similar words will refer to this entire Agreement, and (d) the conjunction "or" will denote any one or more, or any combination or all, of the specified items or matters involved in the respective list.

11.7. Non-waiver. The failure of any Party at any time to enforce any provision of this Agreement shall not be construed as a waiver of that provision and shall not affect the right of any Party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

11.8. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations of any Party will not be materially adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom, and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as part of this Agreement, a legal, valid, and enforceable provision similar in terms to such illegal, invalid, or unenforceable provision as may be possible.

11.9. Notices. Any notice or communication given pursuant to this Agreement must be in writing and will be deemed to have been duly given if mailed (by registered or certified mail, postage prepaid, return receipt requested), or if transmitted by facsimile, or if delivered by courier, as follows:

To Unity

Unity Health Plans Insurance Corporation
840 Carolina Street
Sauk City, Wisconsin 53583-1374
Facsimile: 608-643-1450
Attention: Nick Reiland

To Blue Cross

Blue Cross & Blue Shield United of Wisconsin
401 West Michigan Street
Milwaukee, Wisconsin 53203
Facsimile: 414-226-6229
Attention: Penny Siewert

To UWS

United Wisconsin Services, Inc.
401 West Michigan Street
Milwaukee, Wisconsin 53203
Facsimile: 414-226-6229
Attention: Penny Siewert

To LLC

Community Health Systems, LLC

Facsimile:
Attention:

All notices and other communications required or permitted under this Agreement that are addressed as provided in this paragraph will, whether sent by mail, facsimile, or courier, be deemed given upon the first business day after actual delivery to the party to whom such notice or other communication is sent (as evidenced by the return receipt or shipping invoice signed by a representative of such party or by the facsimile confirmation). Any party from time to time may change its address for the purpose of notices to that Party by giving a similar notice specifying a new address, but no such notice will be deemed to have been given until it is actually received by the party sought to be charged with the contents thereof.

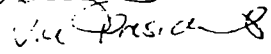
11.10. Counterparts This Agreement may be executed simultaneously in any number of counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

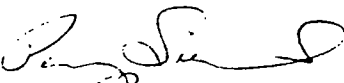
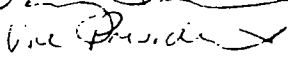
UNITY HEALTH PLANS INSURANCE CORPORATION

By: 
Title:  10/29/99

BLUE CROSS & BLUE SHIELD UNITED OF WISCONSIN

By: 
Title: 

UNITED WISCONSIN SERVICES, INC.

By: 
Title: 

COMMUNITY HEALTH SYSTEMS, LLC

By:
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

UNITY HEALTH PLANS INSURANCE
CORPORATION

By:
Title:

BLUE CROSS & BLUE SHIELD UNITED
OF WISCONSIN

By:
Title:

UNITED WISCONSIN SERVICES, INC.

By:
Title:

COMMUNITY HEALTH SYSTEMS, LLC

By:
Title:

Tim Sijc
Administrative Manager

SCHEDULE 1

Name of Document	Section of Joint Venture Agreement
Non-Participating Invitee Agreement	2.1.F
Statement of Policy on Administrative Services	5.3

EXHIBIT 2.1.F

NON PARTICIPATING INVITEE AGREEMENT TO BE BOUND

See attached document

EXHIBIT 2.1.F

To _____
Chief Executive Officer
Unity Health Plans Insurance

Dear _____,

The undersigned in consideration of being permitted to attend the meetings of the Board of Directors (the "Board") of Unity Health Plans Insurance Corporation ("Unity") and its committees agrees to be bound by the fiduciary obligations of the members of the Board and any policies concerning conflicts of interest, disclosure, corporate opportunities and other policies or rules as adopted by the Board for itself. Notwithstanding the fiduciary duties owed hereunder, the undersigned shall be permitted to disclose to his or her employer information concerning or related to Unity's performance under any contract between Unity and the employer (it being understood and agreed that such information shall not include, without limitation, any information that would have value to a competitor of Unity or any information that would cause Unity to lose the benefit of the attorney-client privilege in the reasonable judgement of UWS) disclosed at any meeting of the Governing Board or its committees; provided, however, that the undersigned shall have notified the Governing Board of the intended disclosure in advance.

Non-Participating Invitee

Date

EXHIBIT 5.3

STATEMENT OF POLICY ON ADMINISTRATIVE SERVICES

See attached document

UNITY HEALTH PLANS INSURANCE CORPORATION
STATEMENT OF POLICY ON ADMINISTRATIVE SERVICES

I. PURPOSE

This Statement of Policy on Administrative Services ("Statement of Policy") is intended to identify and describe the type of services to be performed by Unity Health Plans Insurance Corporation ("Unity") in administering the various health plans provided in connection with the Unity Joint Venture. Unity shall perform any services set forth in this Statement of Policy in a quality and timely manner and in accordance with all applicable laws, statutes and regulations and any other internal procedures and standards as may be in effect from time to time. The Board of Directors of Unity may amend this Statement of Policy in accordance with Section 2.2 of the Second Amended and Restated Joint Venture Agreement.

II. ADMINISTRATIVE SERVICES

Unity shall provide the following administrative services ("Services") with respect to the health maintenance organization and point of service products and programs (collectively, the "Administered Business") provided in connection with the Unity Joint Venture. The Board of Directors of Unity, or a subcommittee thereof, shall, on annual basis prior to year end 1999, and for each subsequent year, establish performance standards related to the Services and review the performance of Services provided hereunder in accordance with such standards. The Board shall use the standards set forth in Exhibit A as a reference in establishing such performance standards.

A. Billing and Collection. Unity shall perform billing services related to, and collect and receive premiums (including any administration fees) on, the Administered Business and shall allocate all premiums collected thereunder to the proper risk pool. This allocation shall be based upon assignment of all members to a primary care physician location. Unity shall also provide accounts receivable services including the identification, documentation, evaluation, assertion, billing and collection of amounts due Unity and the commencement, continuation, defense, compromise, settlement, withdrawal or abandonment of any action, suit or proceeding (arbitral or otherwise) related to such collections.

B. Enrollment Services. Unity shall provide enrollment services and maintain membership and enrollment records and lists related to the Administered Business.

C. Regulatory Compliance. Unity shall prepare and submit to any applicable governmental authority, body, agency, commission, department or instrumentality of any type (together, "Governmental Entity") rate and form filings with respect to the Administered Business and develop rate structures for the Administered Business from time to time that comply with all applicable statutes, laws, rules, regulations, published bulletins, judgments,

decrees, orders or permits of any Governmental Entity (collectively, "Laws"). Unity shall process any policy cancellations, non-renewals, and endorsements related to the Administered Business pursuant to the relevant policy terms and in accordance with applicable Laws. Unity shall provide regulatory communication services including, without limitation, responding to inquiries, complaints, requests or proceedings received from or initiated by any Governmental Entity and participating in and responding to financial and market conduct examinations. Unity shall use its best efforts to insure that the records are accurate and complete and reflect all actions taken and any claims made and paid and shall maintain its books, records and files in accordance with all applicable Laws.

E. Sales and Marketing Services and Compliance. Unity shall provide sales and marketing services including, without limitation, direct sales, sales training, marketing communications, membership and electronic enrollment, and customer relations, as shall be necessary or appropriate for the conduct of any existing or new Administered Business. Unity shall be responsible for the development and maintenance of group and member contracts and booklets and shall conduct periodic surveys of member and provider satisfaction with respect to the Administered Business. Unity shall assure that its sales and marketing materials, operations, policies and procedures comply with all applicable Laws.

F. Central Systems. Unity shall maintain and operate such central systems, including management information systems, telecommunications, centralized mailing, technology support and central data base maintenance, as shall be necessary or appropriate for the conduct of the Administered Business. Unity shall provide networks with current health plan data consistent with data presently provided to the networks. Unity shall make recommendations on the installation of any systems upgrades or new systems deemed reasonably necessary by Unity to address changing business needs with respect to the Administered Business.

G. Medical Consultant and Health Services. Unity shall provide medical consulting and health services as shall be necessary or appropriate for the conduct of the Administered Business. Unity shall retain a medical director to implement and direct health services initiatives with respect to the Administered Business and shall take reasonable efforts to achieve national accreditation status as directed by the Unity Board of Directors. Unity shall provide oversight of medical management and credentialing services delegated to third parties and shall provide medical management services for any business that is not otherwise delegated by Unity. Unity shall collect any data reasonably necessary to prepare HEDIS reports and conduct periodic medical technology and quality assessments.

H. Actuarial and Underwriting Services. Unity shall provide actuarial and underwriting services related to the Administered Business including, without limitation, (i) setting adequate premium rates for new and existing products; (ii) evaluating the adequacy of reserves; and (iii) preparing all actuarial certifications related to the Administered Business required by Law.

I. Accounting and Financial Services. Unity shall perform various accounting services as

are necessary to enable Unity to establish and maintain loss, unearned premium and all other reserves with respect to the Administered Business. Unity shall process all accounting transactions and prepare (i) proper accounting records; (ii) annual and quarterly financial statements in accordance with GAAP and statutory accounting methods, as applicable; (iii) state and federal tax returns; (iv) monthly financial reports on risk pool performance; and (v) such other reports, financial plans and projections as may be necessary from time to time. Unity shall further provide financial and underwriting services including, but not limited to, risk pool management and analysis, financial reporting, financial auditing, cash adjustments, medical review, tax, treasury, investment and cash management, administration of financial systems, and strategic planning/consulting as shall be necessary or appropriate for the conduct of the Administered Business.

K. Litigation Services. Unity shall provide, and if necessary retain, qualified legal counsel to provide litigation services in connection with the Administered Business including, but not limited to, the commencement, continuation, defense, compromise, settlement, or withdrawal of any action, suit or proceeding related to the Administered Business.

L. Claims Administration. Unity shall administer (i) the coordination of benefits; and (ii) any and all claims arising under the Administered Business regardless of when such claims were incurred (collectively, "Claims"). Without limiting the generality of the previous sentence, Unity shall:

- i. Adjust and settle all Claims according to applicable Law, the terms and conditions of the underlying policies and any internal written standards.
- ii. Examine each Claim and determine whether a claimant asserting a Claim ("Claimant") is entitled to compensation under applicable Law and coverage benefits and, if a Claimant is so entitled to compensation, arrange for the prompt payment of such Claim.
- iii. Promptly notify each Claimant if his or her Claim has been denied in whole or in part, and the reasons for such denial.
- iv. Settle any disputes concerning a Claim on reasonable terms and conditions.
- v. Analyze all Claims to determine whether Unity is entitled to any right of subrogation in respect of such Claim, and make reasonable efforts to enforce such subrogation rights. Unity shall diligently pursue and prosecute any subrogation rights relating to any losses sustained under this Agreement.

M. Provider Contracting. Unity shall provide contracting services for hospitals and participating providers as may be necessary for the Administered Business and shall establish

and maintain a database and directory of all participating providers.

O. Provider Services. Unity shall provide participating provider inquiry services and shall take reasonable efforts to establish and maintain effective relationships with participating providers.

P. Member Services. Unity shall promptly respond to written and telephone inquiries from members regarding the Administered Business and shall maintain a log of such inquiries. Unity shall establish and maintain a procedure to address and resolve any member grievances and/or appeals.

Q. Pharmacy Benefit Management. Unity shall establish and maintain a pharmacy benefit management program which shall include on-line claims processing and a rebate program, and provide related services in accordance with such program.

R. Year 2000 Readiness. Unity shall take reasonable measures to ensure that Discorp and other supporting services will be Year 2000 compliant and ready for the implementation and financial reporting of the new risk model by January 1, 2000.

III. Assignment of Administrative Services

Unity may, at the sole discretion of its chief executive officer, assign and/or subcontract some or all of the Services set forth in Section II of this Statement of Policy to any affiliate of Unity that is appropriately licensed; provided, however, that such services shall be subcontracted (i) substantially in accordance with the terms and conditions set forth in the sample administrative services agreement attached hereto as Exhibit B; or (ii) subject to any agreement approved by the Unity Board of Directors; provided, further, that those services already provided to Unity by UWS and/or its affiliates, as identified in Exhibit C, shall continue to be provided in accordance with the administrative services agreements as presently in effect between the parties. Unity shall not be relieved of its duties or obligations with respect to any services subcontracted to UWS and/or its affiliates. The Board of Directors of Unity may terminate any administrative service agreement in accordance with Section 2.2 of the Second Amended and Restated Joint Venture Agreement. Any assignee or subcontractor performing Services shall be bound by the relevant performance standards as may be adopted from time to time by the Board of Directors of Unity. Payment for Services that relate to any risk pool must be approved by the Board of Directors of Unity with respect to pricing.

EXHIBIT A

Unity Administrative Services

Performance Measures

2000

Billing and Collection

- Premium collection rate of 99.5% on bona fide members
- 99% financial accuracy on postings to risk pools

Enrollment Services

- 99% accuracy in enrollment records (correct spelling, group information, address, PCP assignment, etc.)
- 99% of ID cards issued prior to effective date or within 30 days of receipt

Regulatory Compliance

Sales, Marketing Services and Compliance

- Achieve 95% of manual rates for new groups on a rolling 12 month basis
- Meet or exceed membership growth targets in Unity's annual operating plan

Central Systems

- 99% system availability during regular business hours
- Update database within one week of claims payment

Medical Management and NCQA Readiness

- Access standards as agreed upon by the Unity Board of Directors Quality Committee

Actuarial and Underwriting Services

- Premium rates for new and existing products which support 89.5% MLR consistent with Unity's annual operating plan

- 001.622093.75

- Maintain at or below agree-upon limit of members residing outside service area.

Accounting and Financial Services

- Monthly financial reports no later than the 15th business day of month following
- Forward check runs to networks no later than two business days following check runs

Litigation Services

Claims Administration

- 97% claim accuracy (incident)
- 99% financial accuracy
- 98% within 30 days (non-investigated claims)
- 98% within 60 days (investigated claims)

Provider File Maintenance

- 99% financial accuracy in provider data base records

Provider Services

- Standards as mutually agreed upon by the applicable parties.

Member Services

- 5% or less abandon rate of incoming phone calls
- 30 second average speed of answer
- 90% answered within 2 business days (all inquiries)
- 98% accuracy relating to benefits and network availability

Pharmacy Benefit Management

- On-line pharmacy claims processing
- 24 hour customer service for pharmacies
- Rebate target as set by Unity, its designated Pharmacy Benefit Manager, and the

- 001.622093.76

Pharmacy and Therapeutic Committee

Year 2000 Readiness

- Discorp and supporting systems will be year 2000 compliant.
- Implementation of correct provider payments and premium billing by January 1, 2000 and allocation of premium to the appropriate risk pool and financial reporting by the close of the first financial quarter

EXHIBIT B

SAMPLE ADMINISTRATIVE SERVICES AGREEMENT

This ADMINISTRATIVE SERVICES AGREEMENT ("Agreement") is made and entered into as of this ____ day of _____, (the "Effective Date"), by and between Unity Health Plans Insurance Corporation, a Wisconsin stock insurance corporation ("Unity"), and [name of service provider], ("Administrator").

RECITALS

WHEREAS, Unity is the underwriter of certain health maintenance organization and point of service products and programs as described in that certain Second Amended and Restated Joint Venture Agreement, dated as of September ____, 1999 (the "Joint Venture Agreement"), by and among United Wisconsin Services, Inc., a Wisconsin business corporation, Blue Cross & Blue Shield United of Wisconsin, a Wisconsin service insurance corporation, University Health Care, Inc., a corporation organized under Chapter 181 of the Wisconsin Statutes, University Community Clinics, Inc. (f/k/a Health Professionals, Inc.), a corporation organized under Chapter 181 of the Wisconsin Statutes, and Health Professionals of Wisconsin, Inc., a Wisconsin business corporation; and

WHEREAS, Unity desires to obtain certain administrative services from the Administrator as set forth in this Agreement with respect to the health maintenance organization and point of service products and programs (collectively, the "Administered Business") provided by Unity as described in the Joint Venture Agreement; and

WHEREAS, the Administrator is duly authorized to perform and provide administrative services with respect to the Administered Business in the State of Wisconsin and desires, either directly or through one or more of its affiliates, to provide such administrative services for Unity.

NOW THEREFORE, in exchange for the mutual promises set forth in this Agreement, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

I. CONSIDERATION FOR SERVICES

[Terms and conditions regarding compensation to be provided by the chief executive officer of Unity.]

IV. SERVICES

Notwithstanding any provision contained in this Agreement to the contrary,

Unity shall retain responsibility for assuring that member subscribers of health benefit plans included in the Administered Business ("Members") have access to timely, appropriate and quality health care services. To this end, Unity may, as it deems necessary, exercise oversight of any and/or all of the services delegated to the Administrator under this Article II ("Services").

[Additional terms and conditions, including the incorporation of relevant performance standards as adopted to time to time by the Board, regarding services to be performed under this Agreement to be provided by the chief executive officer of Unity.]

V. REGULATORY COMPLIANCE

A. The Administrator shall comply with all applicable statutes, laws, rules, regulations, published bulletins, judgments, decrees, orders or permits of any governmental authority (collectively "Laws") related to the Services or this Agreement. The Administrator hereby represents and warrants to Unity that, as of the Effective Date, it possesses all licenses, permits and approvals as are reasonably necessary for it to perform its obligations under this Agreement except where the absence of such licenses, permits and approvals will not have a material adverse effect on the ability of the Administrator to perform its obligations under this Agreement.

B. The Administrator shall use its best efforts to maintain its books, records and files that relate to this Agreement and the Services in accordance with all Laws. Unity and its employees or authorized representatives may inspect, at the Administrator's principal office during regular business hours and upon reasonable advance notice, all such books, records and files to the extent necessary to assure compliance with this Agreement and all applicable Laws. At or immediately following the Effective Date, Unity shall turn over originals or copies of all books, records, files and electronically stored data (the "Transferred Records") as may be necessary to enable the Administrator to establish all necessary records for the Services. The Administrator may rely on the Transferred Records and shall have no liability to Unity for any error, inaccuracy, or incompleteness therein or in respect of missing records.

VI. TERM AND TERMINATION OF AGREEMENT

A. This Agreement shall commence as of the Effective Date and shall continue in full force and effect for the initial term of the Joint Venture Agreement which shall expire on December 31, 2004. Thereafter, this Agreement shall automatically renew for additional five (5) year terms, unless otherwise terminated in accordance with this Article IV.

B. Either party may terminate this Agreement without cause by providing ninety (90) days prior written notice of termination to other party.

C. This Agreement may be terminated for cause at the election of Unity immediately upon providing written notice of termination to the Administrator in the event any of the following occur:

- i. Upon the commission of any of the following acts by the Administrator: fraud, gross negligence or willful misconduct.
- ii. Upon the Administrator's violation of any provision of this Agreement; provided, however, that the Administrator will be allowed thirty (30) days to cure such violation.

D. This Agreement shall terminate automatically in the event that the Administrator becomes insolvent or the subject of any bankruptcy, insolvency or other similar proceeding.

E. This right of termination belonging to any party may be exercised without prejudice to any other remedy to which the terminating party may be entitled at Law or under this Agreement.

VII. ADJUSTMENT OF PREPAYMENT

In the event of termination of this Agreement, Unity shall pay the Administrator for its services rendered on a pro-rata basis. The Administrator shall return to Unity any unearned fees within thirty (30) days after the Administrator performs its duties under this Agreement.

VIII. INDEMNIFICATION

A. The Administrator shall indemnify and hold Unity harmless from any and all costs, claims, demands, liabilities, damages (including attorneys' fees and expenses), fines, penalties and other assessments arising out of or caused by any breach of the terms of this Agreement or the negligence or misconduct of the Administrator, its employees, or any authorized representatives in providing any services under this Agreement.

B. Unity shall indemnify and hold the Administrator harmless from any and all costs, claims, demands, liabilities, damages (including attorneys' fees and expenses), fines, penalties and other assessments arising out of or caused by any breach of the terms of this Agreement or the negligence or misconduct of Unity, its employees, or any authorized representatives in providing any services under this Agreement.

IX. CONFIDENTIALITY

A. The parties acknowledge and agree that they may deliver to each other information about themselves and their business which is nonpublic, confidential or proprietary in nature. All such information, regardless of the manner in which it is delivered, is referred to as

"Proprietary Information." However, Proprietary Information does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by the other party; (ii) was available to the other party on a nonconfidential basis prior to its disclosure by the disclosing party; or (iii) becomes available to the other party on a nonconfidential basis from a person other than by the disclosing party. Unless otherwise agreed to in writing by the disclosing party, the other party shall (i) except as required by law, keep all Proprietary Information confidential and not disclose or reveal any Proprietary Information to any person other than those employed by the other party, or who is actively and directly participating in the performance under this Agreement on behalf of the other party ("Involved Persons"); (ii) cause each Involved Person to keep all Proprietary Information confidential and not disclose or reveal any Proprietary Information to any person other than another Involved Person; and (iii) not use the Proprietary Information, and ensure that each Involved Person does not use the Proprietary Information, for any purpose other than in connection with the performance under this Agreement.

C. Upon termination of this Agreement for any reason whatsoever, each party shall promptly surrender and deliver to each other party all records, materials, documents, data and any other Proprietary Information of the other party and shall not retain any description containing or pertaining to any Proprietary Information of the other party, unless otherwise consented to in writing by a duly authorized officer of the Administrator or Unity, as the case may be.

X. RESOLUTION OF DISPUTES

A. Informal Resolution.

- i. Any conflicts or disputes between the parties arising under or pursuant to this Agreement including, without limitation, the utilization or delivery of Services by the Administrator, shall be submitted to a coordinating committee (the "Coordinating Committee") for resolution. Each party shall appoint two individuals to the Coordinating Committee whom shall (i) represent the respective interests of the parties hereto, and (ii) be mutually agreed upon by the parties. If the Coordinating Committee is unable to resolve the dispute by a majority vote, then the parties hereto may resort to the dispute resolution process provided for in Section VIII.B.

B. Formal Resolution.

- i. Any dispute or other matter in question between the Administrator and Unity arising out of or relating to the formation, interpretation, performance, or breach of this Agreement, whether such dispute arises before or after termination of this Agreement, and which otherwise has been unresolved

by the Coordinating Committee pursuant to Section VIII.A.i shall be settled by arbitration. The parties intend this article to be enforceable in accordance with the Federal Arbitration Act (9 U.S.C. Section 1. *et seq.*), including any amendments to that Act which are subsequently adopted, notwithstanding any other choice of law provision set forth in this Agreement. In the event that either party refuses to submit to arbitration as required herein, the other party may request a United States Federal District Court to compel arbitration in accordance with the Federal Arbitration Act. Both parties consent to the jurisdiction of such court to enforce this article and to confirm and enforce the performance of any award of the arbitrators. Arbitration shall be initiated by the delivery of a written notice of demand for arbitration by one party to the other.

- ii. Each party shall appoint an individual as arbitrator and the two so appointed shall then appoint an umpire. If either party refuses or neglects to appoint an arbitrator within sixty (60) days, the other party may appoint the second arbitrator. If the two arbitrators do not agree on an umpire within sixty (60) days of their appointment, the parties shall petition the American Arbitration Association to appoint an umpire with the following qualifications: the arbitrators shall be active or retired officers of insurance or reinsurance companies or such other individuals as the parties mutually agree, and the arbitrators shall not have a personal or financial interest in the result of the arbitration.
- iii. The arbitration hearings shall be held in Madison, Wisconsin or such other place as may be mutually agreed. Each party shall submit its case to the arbitrators within sixty (60) days of the selection of the umpire or within such longer period as may be agreed by the arbitrators. The arbitrators shall not be obliged to follow judicial formalities or the rules of evidence except to the extent required by governing law, that is, the state law of the situs of the arbitration as herein agreed; they shall make their decisions according to the practice of the insurance and reinsurance business. The decision rendered by a majority of the arbitrators shall be final and binding on both parties. Such decision shall be a condition precedent to any right of legal action arising out of the arbitrated dispute which either party may have against the other. Judgment upon the award rendered may be entered in any court having jurisdiction thereof.
- iv. Each party shall bear its own costs in connection with any such arbitration including, without limitation, all legal, accounting, and any other professional fees and expenses, the fees and expenses of its own

arbitrator, and all other costs and expenses each party incurs to prepare for such arbitration. Other than set forth above, each side shall pay one-half of the fee and expenses of the umpire, and one-half of the other expenses that the parties jointly incur directly related to the arbitration proceeding.

- v. Except as provided above, arbitration shall be based, insofar as applicable, upon the Commercial Arbitration Rules of the American Arbitration Association.

XI. GENERAL PROVISIONS

A. Amendments. This Agreement shall not be changed, modified, terminated, or discharged in whole or in part, except by an instrument in writing signed by all the parties hereto or the respective successors or assigns.

B. Assignments. Neither party may assign this contract, its rights, or responsibilities hereunder to a third person, persons, or corporation without the written consent of the other party. This Agreement shall inure to the benefit of and bind each of the parties and their successors and assigns.

C. Notices. Any notice or communication given pursuant to this agreement must be in writing and shall be deemed to have been duly given if mailed (by registered or certified mail, postage prepaid, return receipt requested), or if transmitted by facsimile, or if delivered by courier or a recognized overnight delivery service, as follows:

To Unity

Unity Health Plans Insurance Corporation
Attention: Nicholas J. Reiland III
840 Carolina Street
Sauk City, Wisconsin 53583
Telefax:

To the Administrator

Attention:

Telefax:

Notice shall be deemed given upon the first business day after actual delivery to

the party to whom such notice or other communication is sent (as evidenced by the return receipt or shipping invoice signed by a representative of such party or by the facsimile confirmation). Any party from time to time may change its address for the purpose of notices to that party by giving a similar notice specifying a new address, but no such notice will be deemed to have been given until it is actually received by the party sought to be charged with the contents thereof.

D. Headings, etc. The headings used in this Agreement have been inserted for convenience and do not constitute matter to be construed or interpreted in connection with this Agreement. Unless the context of this Agreement otherwise requires, (a) words of any gender will be deemed to include each other gender, (b) words using the singular or plural number will also include the plural or singular number, respectively, (c) the terms hereof, herein, hereby, and derivative or similar words will refer to this entire Agreement, (d) the conjunction "or" will denote any one or more, or any combination or all, of the specified items or matters involved in the respective list, and (e) the word "including," "included" and "include" shall be deemed to be followed by the phrase "without limitation," wherever used in this Agreement.

E. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Wisconsin (without giving effect to principles of conflicts of laws) applicable to a contract executed and to be performed in such state. Each party to this Agreement hereby consents to personal jurisdiction over itself in state or federal court within Wisconsin.

F. Entire Agreement. This Agreement supersedes all prior discussions and agreements between and among, and contains the sole and entire agreement between the Administrator and Unity with respect to the subject matter hereof.

G. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument.

H. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations of any party under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom, and (d) in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement, a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible.

I. Waiver. The failure of the Administrator or Unity to insist on strict compliance with this Agreement, or to exercise any right or remedy hereunder, shall not constitute a waiver of any rights contained herein or estop the parties from thereafter demanding full and complete compliance therewith, nor prevent the parties from exercising any right or remedy in the future.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by persons authorized to act in their respective names.

UNITY HEALTH PLANS INSURANCE
CORPORATION

By:
Its:
Date:

[NAME OF SERVICE PROVIDER]

By:
Its:
Date:

EXHIBIT C

SERVICES PROVIDED TO UNITY BY UWS AND/OR ITS AFFILIATES

- Actuarial Services
- Accounting Services
- Financial Reporting Services
- Legal Services
- Investment Management Services
- Financial Audit Services
- Corporate Communications Services
- Subrogation Services
- Sales and Marketing Services

EXHIBIT 6.4

**REPRESENTATIONS AND WARRANTIES OF HMO W TO UWS
AS CONTAINED IN THE PREVIOUS AGREEMENT**

[See attached document]

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

2.1. The Holding Company and HMOW.

Except as may be disclosed in the Disclosure Schedule attached as Exhibit B hereto (the "Disclosure Schedule"), the Holding Company and HMOW hereby represents and warrants to UWS that:

A. Organization and Qualification. The Holding Company is a corporation duly organized, validly existing and in current standing under the laws of the State of Wisconsin. Each of HMOW and Hometown Insurance Services, Inc. ("Hometown") (Holding Company, HMOW and Hometown is each individually sometimes referred to herein as "HMOW Entity" and collectively as the "HMOW Entities") are corporations duly organized and validly existing under the laws of the State of Wisconsin (HMOW and Hometown hereinafter are sometimes individually referred to as "Company Subsidiary" and collectively as "Company Subsidiaries"). The HMOW Entities (a) are duly qualified as foreign corporations under the laws of each jurisdiction where the failure to qualify would have a Material Adverse Effect (as hereinafter defined) upon them; (b) have the requisite corporate power and authority and the legal right to own, lease and operate their properties, to lease the property they operate under lease and to conduct their business as now conducted; (c) have all necessary licenses, permits, consents or approvals (the "Company Approvals") from or by, and have made all necessary filings with, and have given all necessary notices to, all federal and state governmental authorities having jurisdiction over the HMOW Entities (said filings and notices for all HMOW Entities collectively the "Company Reports"), to the extent required for such ownership, operation and conduct except where the failure to obtain such licenses, permits, consents or approvals or to make such filings will not have a Material Adverse Effect upon them; (d) are in compliance with their articles of incorporation and bylaws and are not in default or in violation of any material agreement to which any HMOW Entity is a party or by which it is bound except where the failure to comply will not have a Material Adverse Effect upon the HMOW Entities taken as a whole; and (e) are in compliance in all respects with all applicable provisions of Laws, as hereinafter defined, applicable to them except where the failure to comply will not have a Material Adverse Effect upon them. The Holding Company owns beneficially and of record all of the outstanding shares of capital stock of HMOW and 80% of the outstanding shares of capital stock of Hometown and owns no interest in any other subsidiaries. Neither of the Company Subsidiaries owns any interest in any subsidiary. No HMOW Entity has received any notice of proceedings relating to the revocation or modification of any Company Approvals. The term "Material

Adverse Effect" as used in this Agreement shall mean any change or effect that is or is reasonably likely to be materially adverse to a party's business, operations, properties (including intangible properties), condition (financial or otherwise), assets or liabilities (including contingent liabilities); though said term shall not include any change or effect to the parties resulting from changes in applicable laws or from other changes in general economic conditions affecting the parties.

B. Authorization. The execution, delivery and performance of this Agreement and all documents to be executed and delivered by the HMOW Entities hereunder: (a) are within their respective corporate power; (b) have been duly authorized by all necessary or proper corporate and other action, including the consent of shareholders (subject to the requisite approval of the transactions contemplated herein by the Holding Company's shareholders which approval shall be obtained prior to the Closing Date, as hereinafter defined), members or boards of directors, where required; (c) are not in contravention of any provision of their respective articles of incorporation or bylaws; (d) do not violate any law, statute, ordinance, rule or regulation or any order or decree of any court or governmental instrumentality (collectively the "Laws") applicable to them; and (e) do not conflict with or result in the breach of, or constitute a default under, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which any HMOW Entity is a party or by which it or any of its property is bound, and the same do not require the consent or approval of any governmental body, agency, authority or other entity other than those that will have been obtained by the Closing Date (as hereinafter defined). This Agreement has been duly executed and delivered by the Holding Company and HMOW and constitutes the legal, valid and binding obligation of each, enforceable against them in accordance with its terms except as such enforceability may be limited by bankruptcy or similar laws affecting the enforceability of creditor's rights generally and by general principles of equity.

C. Capitalization. The authorized capital stock of the Holding Company consists of 200,000 shares of common stock, \$.01 par value, consisting of 100,000 shares of a class designated "Class A" and 100,000 shares of a class designated "Class B", which is further subdivided into 50,000 shares of a series designated "Class B, Series 1" and 50,000 shares of a series designated "Class B, Series 2" (collectively the Class A and Class B Common Stock, the "Holding Company Common Stock"). As of the date of this Agreement, 11,576 shares of Class A Common Stock, 2,014 shares of Class B, Series 1 Common Stock and 2,000 shares of Class B, Series 2 Common Stock are issued and outstanding, all of which shares are validly issued, fully paid and non-assessable (except as provided in §180.0622(2)(b) of the WBCL) and not issued in violation of any preemptive right of any Holding Company shareholder, and all of which have been issued in compliance with applicable securities laws, and 10 shares of Holding Company Common Stock are held in the

treasury of the Holding Company. As of the date of this Agreement: (i) there are no options, warrants or other rights, agreements (including voting or shareholders' agreements), arrangements or commitments of any character relating to the issued or unissued capital stock of any HMOW Entity or obligating any HMOW Entity to issue or sell any shares of its respective capital stock of, or other equity interests in, any HMOW Entity, and (ii) there are no obligations, contingent or otherwise, of the Holding Company or any Company Subsidiary to repurchase, redeem or otherwise acquire any shares of Holding Company Common Stock or the capital stock of any Company Subsidiary or to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any Company Subsidiary or any other entity. The authorized capital stock of Hometown consists of 2,800 shares of common stock, no par value, of a class designated "Class I" (the "Hometown Common Stock"). The authorized capital stock of HMOW consists of 100,000 shares of common stock, \$.01 par value, consisting of one class designated "Common Stock" (the "HMOW Common Stock"). As of the date of this Agreement, 100,000 shares of HMOW Common Stock and 2,000 shares of Hometown Common Stock (and no other securities of any Company Subsidiary) are outstanding, all of which shares are validly issued, fully paid and non-assessable (except as provided in §180.0622(2)(b) of the WBCL) and not issued in violation of any preemptive right of any Company Subsidiary shareholder, and all of which have been issued in compliance with applicable securities laws, and the shares of HMOW Common Stock and Hometown Common Stock owned by the Holding Company are held free and clear of all security interests, liens, claims, pledges, agreements, limitations of Holding Company's voting rights, charges or other encumbrances of any nature whatsoever.

D. Financial Statements. Except as and to the extent set forth on the balance sheet of the Holding Company, HMOW and Hometown as of December 31, 1993, including all notes thereto, neither the Holding Company nor any Company Subsidiary have any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be required to be reflected on a balance sheet, or in the notes thereto, except for liabilities or obligations incurred in the ordinary course of business since December 31, 1993 that would not, individually or in the aggregate, have a Material Adverse Effect on the HMOW Entities taken as a whole.

E. Absence of Certain Changes or Events. Since December 31, 1993 to the date of this Agreement, each HMOW Entity has conducted its business only in the ordinary course and in a manner consistent with past practice and, since December 31, 1993, there has not been: (i) any change in the financial condition, results of operations or business of an HMOW Entity having a Material Adverse Effect on the Holding Company or any Company Subsidiary, other than changes which are reflected in the financial statements of the HMOW Entities, (ii) any damage, destruction or loss (whether or not covered by insurance) with respect to any assets of an HMOW Entity

having a Material Adverse Effect on the HMOW Entities taken as a whole, (iii) any change by an HMOW Entity in its respective accounting methods, principles or practices, (iv) any revaluation by an HMOW Entity of any of its material assets, (v) any declaration, setting aside or payment of any dividends or distributions in respect of shares of Holding Company Common Stock or the equity securities of any Company Subsidiary or any redemption, purchase or other acquisition of any of securities of an HMOW Entity, or (vi) any increase in or establishment of any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards), stock purchase or other employee benefit plan, or any other material or unscheduled increase in compensation payable or to become payable to any officers or key employees of an HMOW Entity.

F. Absence of Litigation. No HMOW Entity is a party to any litigation or administrative proceeding, nor so far as is known by them is any litigation or adverse administrative proceeding or hearing threatened against any HMOW Entity which in either case relates to the execution, delivery or performance of this Agreement.

G. Title to Property.

(1) Each of the HMOW Entities has good and defensible title to all of its properties and assets, real and personal, tangible and intangible free and clear of all mortgage liens, and free and clear of all other liens, charges and encumbrances except liens for taxes not yet due and payable, and such minor imperfections of title, if any, as to not materially detract from the value of or interfere with the present use of the property affected thereby or which, individually or in the aggregate, would not have a Material Adverse Effect on the HMOW Entities taken as a whole, and all leases pursuant to which any of the HMOW Entities leases from others material amounts of real or personal property are in good standing, valid and effective in accordance with their respective terms, and there is not, under any of such leases, any existing material default or event of default by any HMOW Entity (or event which with notice or lapse of time, or both, would constitute a material default and in respect of which an HMOW Entity has not taken adequate steps to prevent such a default from occurring). The facilities and equipment of the HMOW Entities in regular use have been reasonably maintained and are in good and serviceable condition, reasonable wear and tear excepted.

(2) Each HMOW Entity possesses or has the right to use any and all trade names, trademark registrations and common law trademarks ("Intangible Assets") necessary to carry on its business as heretofore conducted. No claim or demands are

currently pending in any proceeding, or to the knowledge of each HMOW Entity, threatened which challenge the rights of an HMOW Entity in respect thereof. With the exception of the existing claim against Mercy Hospital for an infringement on the state registered trademark of HMOW, and to the knowledge of each HMOW Entity, none of such Intangible Assets infringes on, or is being infringed by, other patents, trade names, trademarks or copyrights, and none is subject to any outstanding order, judgment, decree, stipulation or agreement restricting its use. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein will give any licensor or licensee of any Intangible Asset of the HMOW Entities any right to change the terms or provisions of, or terminate or cancel, any license to which any of the HMOW Entities is a party, wherein such change, termination, or cancellation may have a Material Adverse Effect on the HMOW Entities taken as a whole. None of the HMOW Entities has given, and none is bound by, any written agreement of indemnification for trade name or trademark infringement as to any property used by it. No HMOW Entity pays royalties or fees for the use of trademarks or trade names.

H. Taxes. The HMOW Entities have timely filed all Tax Returns (as defined below) required to be filed by the respective entity, and each of the HMOW Entities has timely paid and discharged all Taxes (as defined below) due in connection with the filing of such Tax Returns and has paid all other Taxes as are due, and shall prepare and file all such Tax Returns required to be filed after the date hereof and on or before the Closing Date. The liability for Taxes set forth on each such Tax Return adequately reflects the Taxes required to be reflected on such Tax Return. For purposes of this Agreement, "Tax" or "Taxes" shall mean taxes, charges, fees, levies, and other governmental assessments and impositions of any kind, payable to any federal, state, local or foreign governmental entity or taxing authority or agency, including, without limitation, (i) income, franchise, profits, gross receipts, estimated, ad valorem, value added, sales, use, service, real or personal property, capital stock, license, payroll, withholding, disability, employment, social security, workers compensation, unemployment compensation, utility, severance, production, excise, stamp, occupation, premiums, windfall profits, transfer and gains taxes, (ii) customs duties, imposts, charges, levies or other similar assessments of any kind, and (iii) interest, penalties and additions to tax imposed with respect thereto; and "Tax Returns" shall mean returns, reports, and information statements with respect to Taxes required to be filed with the Internal Revenue Service (the "IRS") or any other governmental entity or taxing authority or agency, domestic or foreign, including, without limitation, consolidated, combined and unitary tax returns. Neither the IRS nor any other governmental entity or taxing authority or agency is now asserting, either through audits, administrative proceedings, court proceedings or

otherwise, or threatening to assert against any HMOW Entity any deficiency or claim for additional Taxes. No HMOW Entity has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax. There are no tax liens on any assets of an HMOW Entity. No HMOW Entity has received a ruling or entered into an agreement with the IRS or any other governmental entity or taxing authority or agency that would have a Material Adverse Effect on the HMOW Entities taken as a whole after the Closing Date. The accruals and reserves for taxes reflected in the Holding Company and Company Subsidiary balance sheet for the period ended December 31, 1993 are adequate to cover all Taxes accruable through the date thereof.

I. Title to Common Stock. The Holding Company Common Stock, the HMOW Common Stock and the Hometown Common Stock at Closing shall be free and clear of all liens, pledges or encumbrances of any type or kind at the Closing Date.

J. Labor Matters. Except as will not have a Material Adverse Effect on the HMOW Entities taken as a whole: (i) the HMOW Entities are in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and are not engaged in any unfair labor practice, (ii) there is no unfair labor practice complaint against an HMOW Entity pending before the National Labor Relations Board, (iii) there is no labor strike, dispute, slowdown, representation campaign or work stoppage actually pending or threatened against or affecting an HMOW Entity, and (iv) no grievance or arbitration proceeding arising out of or under collective bargaining agreements is pending and no claim therefor has been asserted against an HMOW Entity.

K. Full Disclosure. No statement contained in any document, certificate, or other writing furnished or to be furnished by an HMOW Entity to UWS pursuant to the provisions of this Agreement contains or shall contain any untrue statement of a material fact or omits or shall omit to state any material fact necessary, in light of the circumstances under which it was made, in order to make the statements herein or therein not misleading.

L. Proxy Statement. None of the information supplied by the Holding Company in the proxy statement to be provided to the Holding Company shareholders (the "Shareholders") in connection with the approval of the transactions contemplated in this Agreement (or any amendment or supplement thereto) will at the time of the mailing of the proxy statement and at the time of the shareholders' meeting to which such proxy statement relates contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.