

**BEFORE THE OFFICE OF THE COMMISSIONER OF INSURANCE  
STATE OF WISCONSIN**

**Case No. 04-C29300**

In the Matter of the Acquisition of Control  
Of Unity Health Insurance Plans Corporation  
By University Health Care, Inc.

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16 DEC. 2004

04-C29300

Date: December 16, 2004  
Time: 3:45 p.m. Central Standard Time  
Location: Office of the Commissioner of Insurance  
125 S. Webster St.  
Madison, WI 53703

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**TESTIMONY OF PETER CHRISTMAN**

Question: Please state your name.

Answer: Peter Christman.

Question: By whom are you employed and in what capacity?

Answer: I am the Executive Vice President of the University of Wisconsin Medical Foundation (the "Medical Foundation"). I am also a director of Unity Health Insurance Plans Corporation ("Unity") and have been nominated to continue as a director following University Health Care, Inc.'s acquisition of Unity. The Medical Foundation exists primarily to provide operational support for the clinical practices of the faculty members of the University of Wisconsin Medical School (the "Medical School"). For example, the Medical Foundation provides billing services for the faculty members and enters into some of the managed care contracts for the faculty members.

Question: Please describe some of your background and qualifications to serve as Executive Vice President of the Medical Foundation.

Answer: I worked as the Vice President of Finance for the University of Wisconsin Hospital and Clinics from 1982 until 1995, when I began work as the Regional Vice President for Finance at SSM Health Care in St. Louis. I returned to Madison in 2001 and since then have served as the Executive Vice President of the Medical Foundation.

Question: Are you familiar with University Health Care, Inc.'s proposed acquisition of Unity?

Answer: Yes, I have been involved in the planning and negotiations for this transaction.

Question: How will University Health Care, Inc.'s purchase of Unity be funded?

Answer: The purchase price of the acquisition will be funded by two of University Health Care, Inc.'s corporate members, the University of Wisconsin Hospital and Clinics Authority (the "Hospital and Clinics Authority") and the Medical Foundation. The Medical Foundation is contributing 40% of the funds necessary for University Health Care, Inc. ("UHC") to acquire Unity. As set forth in the Medical Foundation Board resolution dated June 9, 2004, which is attached as Exhibit 7.12, the Medical Foundation will be deemed to hold a 40% interest in UHC's equity interests in and to Unity. The Hospital and Clinics Authority will contribute 60% of the purchase price and will thus hold a 60% interest. Therefore, the capital calls and any distribution of proceeds from any sale of Unity shall be in this proportion. The Medical Foundation's contribution does not carry obligations beyond the obligation set forth in the resolution just described and the obligations implied by UHC's articles of incorporation, which are Exhibit 7.4.

Question: Will the University of Wisconsin Medical School (the "Medical School") provide funding to UHC for the Unity acquisition?

Answer: No, the Medical School is not contributing funds to UHC for the Unity acquisition. Furthermore, funds committed to the specific support of the Medical School are not being used to purchase Unity, and no general purpose revenue or other public funding will be used.

Question: Will any of the funds derived from the conversion of Blue Cross be used to purchase Unity?

Answer: No.

Question: What is the origin of the funds that the Medical Foundation will provide?

Answer: The Medical Foundation will use internal cash funds. The use of such funds for UHC's acquisition of Unity has been approved by the Medical Foundation's Board of Directors

Question: Is the funding that will be provided by the Medical Foundation dependent on UHC's receipt of a dividend from Unity in the amount of approximately \$17 million?

Answer: No. The funding is not contingent on receipt of such a dividend.

Question: Does this conclude your testimony?

Answer: Yes. I would be happy to answer any questions.