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November 10, 2004

VIA HAND DELIVERY

Jorge Gomez, Commissioner of Insurance
Office of the Commissioner of Insurance
125 South Webster Street
Madison, WI 53702

Re: University Health Care's Acquisition of Unity Health Plans

Dear Commissioner Gomez:

I write to address several issues with regard to the acquisition of Unity Health Plans ("Unity") by University Health Care ("UHC"). As it is November 10, the closing date is 51 days away, and UHC's Form A has been on file with your office ("OCI") since October 1.

While we recognize that OCI has no control over the number of filings received, we were led to believe that OCI's workload would allow an expeditious review of UHC's Form A. We understand that your staff met last week to finalize inquiries for our response. We are awaiting these comments and will devote all of our energies to responding as quickly as possible.

Following our responses to OCI's inquiries, we look for early attention to this matter and a determination of the hearing date in the last week of November or the first week of December. We recognize that in most circumstances a staff hearing examiner is appointed to allow the parties to develop the record and make findings, conclusions of law, and recommendation for your consideration. However, in light of the unique circumstances of this transaction, we request, Commissioner Gomez, that you serve as the hearing officer to ensure that you and OCI are satisfied with the record and can make a prompt determination. We will do anything that we can to help the hearing process.

With regard to the acquisition, the terms of the transaction are not under negotiation; rather, the terms are spelled out in the agreements governing the joint venture, which were not disapproved by, and are on file with, OCI in 1999. We have prepared typical transactional documents to properly memorialize an acquisition of this magnitude and given that in 1999, the parties could not have fully appreciated the complexities that have arisen since then. We have received comments on these documents from WellPoint and believe that we are reasonably close to reaching agreement. However, given the sufficient clarity of the terms and conditions in the 1999 joint venture agreements, if necessary, we are prepared to close the transaction without the

#1500 Received OCI 11/10/04
Original to Roger Peterson (Financial) -
cc: Commissioner, Randy, Fred -
hard copy to Deb to file: Unity

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need to have fully executed and delivered the aforementioned new purchase and sale documents and instead would rely on the terms and conditions explicitly set forth in the 1999 joint venture agreements. Should we discover after taking control that problems developed at Unity while it was under the stewardship of WellPoint, Blue Cross Blue Shield United of Wisconsin, and United Wisconsin Services, then UHC, Community Health Systems, LLC, and Unity will rely on their respective rights and remedies that exist under applicable agreements and arrangements to address any costs of such problems.

We assure you that all of the operational components are in place so that Unity will successfully sustain itself and so that the transition of Unity's ownership to UHC will appear seamless to the public. In particular, in response to WellPoint's notice of cancellation, Unity has already filed with OCI an indemnity provider agreement with Madison National Life Insurance Company, a party unaffiliated with either the University of Wisconsin or WellPoint, as necessary to support the Unity point of service products. In conjunction with that filing, Unity has also re-filed several of its product documents as required to reflect that change.

In the unlikely event that regulatory approval has not been granted or other legal obstacles to the closing exist on December 31, 2004, we seek your concurrence that, for such reasonable period of time after December 31, 2004 until the closing occurs:

- Ultimate control of Unity would remain with Cobalt/WellPoint predicated on its ownership of Unity shares by its subsidiary Crossroads Acquisition Corp. and its subsidiary holding company HMOW, Inc.;
- Unity's governance structure, as provided for in the current joint venture agreements, would continue through this extended period; and
- As all preparations have been made for Unity to become independent, it would operate as such, relying on its replacement infrastructure and no longer on the services of Cobalt/WellPoint through the Administrative Services Agreement.

We hope that you will support this position for the benefit of the public.

Jorge Gomez, Commissioner of Insurance

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We look forward to working with you on these issues to ensure that the transition in Unity's ownership progresses in a smooth and timely manner. Please contact me should you have any questions.

Sincerely,

MICHAEL BEST & FRIEDRICH LLP

A handwritten signature in black ink that reads "Richard M. Seligman" followed by a stylized monogram "RMS".

Richard M. Seligman

RMS:mkb

cc: Ms. Lorna Granger
Mr. James Roberts
Ms. Claudia Sanders

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