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CLIENT/MATTER NUMBER
016125-0107

September 20, 2000

VIA HAND DELIVERY

Commissioner Connie O'Connell
Office of the Commissioner of Insurance
121 East Wilson Street
Madison, WI 53702

Re: Blue Cross & Blue Shield United of Wisconsin ("Blue Cross")

Dear Commissioner O'Connell:

As your office is aware, Blue Cross continues to move ahead in its preparations to implement its conversion in accordance with the terms and conditions set forth in your Order dated March 28, 2000. Towards this end, Blue Cross has retained the law firm of Foley & Lardner and the investment banking firm of Bear Stearns to provide counsel in connection with the contemplated merger of United Wisconsin Services, Inc. ("UWS") and the holding company of Blue Cross post-conversion. We understand that UWS has similarly retained Michael, Best & Friedrich and Lehman Brothers to provide legal and investment banking services, respectively, in connection with the merger. Following the issuance of the judge's decision upholding your Order, the Special Committees for Blue Cross and UWS also authorized the initiation of arms-length negotiations with a view toward reaching a definitive agreement on this transaction.

Notwithstanding these significant steps, the appeal of your Order and the extent of preparation necessary to effect a merger transaction with the publicly-traded UWS have led to the self-evident conclusion that Blue Cross must request an extension of the September 28, 2000 deadline you imposed to complete the conversion. Specifically, your Order requires that the conversion "be completed within six months of [March 28, 2000] unless the Commissioner grants an extension which shall not exceed an additional six months." See Findings of Fact, Conclusions of Law, and Order, Case No. 99-C26038, § 3(7)(b). The circuit court did not rule on the appeal until August 24th, and while the judge upheld your Order, progress on the merger transaction was impeded by the judicial review process. Blue Cross was consequently left with little over one month to complete the merger in compliance with your Order. As I am certain you will agree, this is an insufficient amount of time to complete a transaction which requires at

Foley & Lardner

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a minimum arms-length negotiation of a definitive agreement, regulatory filings at both the federal and state levels (e.g., SEC, FTC, Wisconsin OCI), required shareholder notice, and scheduling of board and shareholder meetings to consider and vote on the transaction.

Stated simply, the impact of the appeal and the timing and preparation involved with the merger transaction will not allow Blue Cross to meet your September 28, 2000 deadline. Accordingly, we respectfully request that you grant the six-month extension contemplated in your Order, such that Blue Cross is afforded the opportunity complete its conversion by March 28, 2001.

I appreciate your considered review of this request and look forward to your earliest response.

Very truly yours,

Joseph C. Branch

cc: Randy Blumer
Guenther Ruch
Fred Nepple
Stephen E. Bablitch