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March 14, 2001

The Special Committee of the Board of Directors
Blue Cross & Blue Shield United of Wisconsin
401 West Michigan Street
Milwaukee, Wisconsin 53203-2896

Ladies and Gentlemen:

We understand that Blue Cross & Blue Shield United of Wisconsin ("BCBSUW") has proposed to convert from a service insurance corporation organized under Chapter 613 of the Wisconsin Statutes to a stock insurance corporation organized under Chapter 611 of the Wisconsin Statutes (the "Conversion") pursuant to the conversion order of the Wisconsin Office of the Commissioner of Insurance (the "OCI") dated March 28, 2000 (the "Conversion Order"). Under the Conversion Order, BCBSUW will issue all of its common stock to BC Holdings LLC ("BC Holdings"), a limited liability corporation wholly owned by Wisconsin United for Health Foundation (the "Foundation"). In connection with the Conversion, United Wisconsin Services, Inc. ("UWS"), BCBSUW and BC Holdings have entered into an Agreement (the "Agreement"), dated December 22, 2000, pursuant to which BC Holdings will exchange (the "Merger") all of the outstanding shares of the common stock of BCBSUW for (i) 31,313,390 shares of the common stock of UWS and (ii) \$500,000 in cash (the "Consideration Received"). UWS will then change its name to Cobalt Corporation ("Cobalt"). Upon consummation of the Merger, the Foundation, through BC Holdings, will own 77.5% of the outstanding common stock of Cobalt and the existing shareholders of UWS (excluding BCBSUW) will own 22.5%. You have provided us with a copy of the Proxy Statement/Prospectus, dated January 31, 2001, which includes a copy of the Agreement (the "Proxy Statement").

For purposes of this opinion we have assumed that the Foundation is the sole shareholder of BCBSUW. You have asked us to render our opinion as to whether the Consideration Received in the Merger by the Foundation is fair, from a financial point of view, to the Foundation.

In the course of performing our review and analyses for rendering this opinion, we have:

- reviewed the Agreement and the Proxy Statement;
- reviewed the Conversion Order;
- reviewed UWS's Annual Reports to Shareholders and Annual Reports on Form 10-K for the fiscal years ended December 31, 2000, 1999 and 1998, its Quarterly Reports on Form 10-Q for the periods ended March 31, 2000, June 30, 2000 and September 30, 2000 and its Reports on Form 8-K for the three years ended on the date hereof;
- reviewed audited and unaudited financial statements of BCBSUW for the years ended December 31, 2000, 1999 and 1998 and the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000;

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- reviewed annual statutory financial statements for the years ended December 31, 1999 and 1998 and quarterly statutory financial statements for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000 for BCBSUW and the insurance subsidiaries of UWS;
- reviewed certain operating and financial information prepared by management, including projections for the five years ended December 31, 2005, provided to us by management relating to BCBSUW's business and prospects;
- reviewed certain operating and financial information prepared by management, including projections for the five years ended December 31, 2005, provided to us by management relating to UWS's business and prospects;
- met with certain members of BCBSUW's senior management to discuss BCBSUW's business, operations, historical and projected financial results and future prospects;
- met with certain members of UWS's senior management to discuss UWS's business, operations, historical and projected financial results and future prospects;
- met with members of Milliman & Robertson, Inc., actuaries to both BCBSUW and UWS, to discuss each company's loss reserve methodology;
- met with members of Ernst & Young LLP, accountants to both BCBSUW and UWS, to discuss each company's financial results;
- reviewed the historical prices, trading multiples and trading volume of the common shares of UWS;
- reviewed publicly available financial data, stock market performance data and trading multiples of companies which we deemed generally comparable to BCBSUW and UWS;
- reviewed the terms of recent acquisition transactions of companies which we deemed generally comparable to BCBSUW and UWS;
- performed discounted cash flow analyses based on the projections for BCBSUW and UWS furnished to us;
- reviewed the pro forma financial results, financial condition and capitalization of Cobalt giving effect to the Merger; and
- conducted such other studies, analyses, inquiries and investigations as we deemed appropriate.

We have relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information, including without limitation the projections, provided to us by BCBSUW and UWS. With respect to BCBSUW's and UWS's projected financial results, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the senior managements of BCBSUW and UWS as to the expected future performance of BCBSUW and UWS, respectively. We have not assumed any responsibility for the independent verification of any such information or of the projections provided to us, and we have further relied upon the assurances of the senior managements of BCBSUW and UWS that they are unaware of any facts that would make the information and projections provided to us incomplete or misleading.

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In arriving at our opinion, we have not performed or obtained any independent appraisal of the assets or liabilities (contingent or otherwise) of BCBSUW and UWS, nor have we been furnished with any such appraisals. We have assumed that the Merger will be consummated in a timely manner and in accordance with the terms of the Agreement without any regulatory limitations, restrictions, conditions, amendments or modifications that collectively would have a material effect on BCBSUW and UWS. You have not asked for and we have not performed an analysis of Cobalt's or its subsidiaries' capital adequacy and structure. We necessarily assumed that BCBSUW and UWS and each of their respective subsidiaries are, and after the Merger, Cobalt and its subsidiaries will continue to be, in compliance with all state and federal regulations and have all necessary capital and liquidity to meet their respective capital requirements and future operating plans. You have not asked for and we have not performed an analysis of other potential alternatives for conversion contemplated in the Conversion Order (such as the sale of BCBSUW) nor have we solicited indications of interest for BCBSUW from third parties.

We do not express any opinion as to the price or range of prices at which the shares of common stock of UWS may trade subsequent to the date hereof or as to the price or range of prices at which the shares of common stock of Cobalt may trade subsequent to the consummation of the Merger.

We have acted as a financial advisor to BCBSUW in connection with the Merger, including negotiations with the Special Committee of UWS and its financial advisor, and will receive a customary fee for such services, a substantial portion of which is contingent on successful consummation of the Merger. In the ordinary course of business, Bear Stearns may actively trade the equity and debt securities of UWS for our own account and for the account of our customers and, accordingly, may at any time hold a long or short position in such securities.

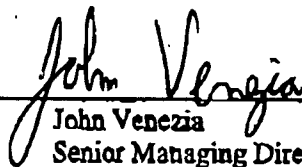
We understand the Special Committee of the Board of Directors of BCBSUW has already approved this Merger and the shareholders' of UWS have already voted affirmatively for the Merger. It is understood that this letter is intended solely for the benefit and use of the Special Committee of the Board of Directors of BCBSUW in connection with the Merger and this opinion cannot be relied upon by any other parties. This opinion does not address BCBSUW's underlying business decision to pursue the Merger. This letter is not to be used for any other purpose, or be reproduced, disseminated, quoted from or referred to at any time, in whole or in part, without our prior written consent. Our opinion is subject to the assumptions and conditions contained herein and is necessarily based on economic, market and other conditions, and the information made available to us, as of the date hereof. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

Based on and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration Received in the Merger by the Foundation is fair, from a financial point of view, to the Foundation.

Very truly yours,

BEAR, STEARNS & CO. INC.

By:


John Venezia
Senior Managing Director