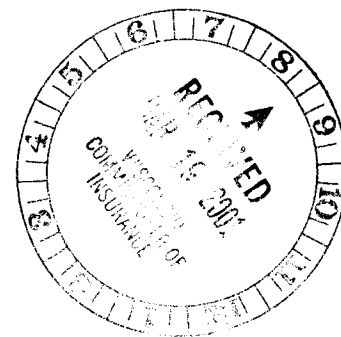


Wisconsin United for Health Foundation, Inc.



March 14, 2001

Connie O'Connell
Commissioner of Insurance
121 E. Wilson Street
Madison, WI 53703

#669 - RECEIVED 3/19/01

Orig: to Julie W. Cc: CO/RB/FN/GR/SJ/BCBS file

Dear Commissioner O'Connell:

I am writing to notify you that the Wisconsin United for Health Foundation, Inc. is fully functional in accordance with Section 3 (3)(b) on page 34 of your March 28, 2000 order concerning the Blue Cross conversion. The Foundation's Board of Directors are already undertaking the responsibilities which have been entrusted to them on behalf of the residents of Wisconsin. An official notice of meeting was printed in the Wisconsin State Journal and Milwaukee Journal Sentinel prior to the first meeting. The meeting was conducted in accordance with Wisconsin's Open Meeting Laws. I have attached a copy of the notice of meeting and agenda.

The purpose of the Foundation Board's first meeting was to approve the amended Articles and By Laws of the Foundation, including the appointment of the Board of Directors pursuant to your March 28, 2000 Order ("Order") governing the conversion of Blue Cross and Blue Shield United of Wisconsin ("Conversion"). The Foundation Board also received reports from its interim legal counsel, Foley and Lardner regarding Wisconsin's Open Meeting Laws and an overview of the Articles and By Laws together with an overview of the Conversion. The Board also received a report from Deputy Insurance Commissioner Randy Blumer. Lastly, committees were appointed to select lawyers and bankers, to nominate officers and to review administrative needs.

I also want to report to you that the Foundation has legal counsel, staff support and a Voting Trustee. Although the Foundation will likely require the advice of a banker in the future, I do not believe that banking advice is necessary to constitute a functioning and operational Foundation at this time. Nevertheless, the committees appointed by the Board will report back to the full Board on March 21, 2001 with their reports on selection of bankers and lawyers. It is the Board's intention to make the final selections at that time.

The Foundation will be in receipt of a cash payment from Blue Cross in the amount of \$500,000 upon the Conversion. The Foundation also understands that the remaining BCBS funding commitment of \$1.5 million is available to the Foundation if you concur with a request to draw on those funds to meet expenses incurred before the Foundation may prudently initiate orderly sales of its stock endowment. Audited financial reports will be prepared on a calendar year basis and filed with your Office by June 1st, unless unforeseen circumstances should cause us to request an extension.

I hope this report satisfies your needs as you prepare to approve the Conversion. The Foundation is looking forward to putting this money to work to improve healthcare for Wisconsin's residents. If you would like to discuss the progress of the Foundation's activities at any time, please feel free to contact me at (608) 981-2003.

Sincerely,

A handwritten signature in cursive script that reads "Ben Brancel".

Ben Brancel
Chair, Wisconsin United for Health, Inc.