



**BlueCross & BlueShield
United of Wisconsin**

An independent licensee of the Blue
Cross and Blue Shield Association

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March 1, 2001

Guenther H. Ruch
Administrator
Division of Regulation and Enforcement
Office of the Commissioner of Insurance
121 East Wilson Street
P. O. Box 7873
Madison, WI 53707-7873

Dear Guenther:

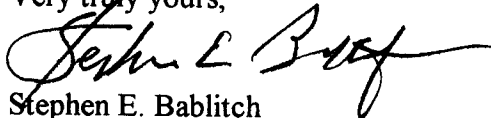
I am writing to request that the Commissioner approve the grant of stock options to four Directors, D. Keith Ness, Janet Steiger, Kenneth Viste and Michael Joyce, who will be appointed to the newly formed Cobalt Corporation. Since these Directors were on the BCBSUW Board and not the UWS board they did not receive stock options.

The Commissioner's order of conversion indicates that UWSI may only issue new stock options to qualified candidates upon the written approval of the Commissioner. (See page 35, Section 3(5)). The order does state that stock options may be granted to new Directors. (See page 35, Section 3 (5)(a)).

To the extent shares are available for grant, the UWSI Equity Incentive Plan provides for a grant of 6,000 stock options to each newly appointed Director of the holding company upon assumption of their directorship. We would like to make these stock options effective as of the date of the closing of the transaction combining BCBSUW with UWSI.

If you have any questions, please don't hesitate to call me. You may reach me at (414) 226-6979. Thanks.

Very truly yours,



Stephen E. Bablitch

SEB/EB/alm
Ruch Ltr - 3-1-01