

APPENDIX A

No employee having seniority shall be disciplined or discharged without just cause. The following illustrates the types of employee offenses which upon occurrence or discovery will lead to either:

a) disciplinary steps; b) suspension; or c) discharge; depending upon the severity of the offense.

1. Theft.
2. Dishonesty.
3. Unauthorized disclosure of confidential information.
4. Willful damage to property.
5. Falsification of records.
6. Fighting, harassing, or intentionally threatening another employee or supervisor with physical violence. [The definition of harassment includes, but is not limited to, persistent and/or unwelcome conduct which interferes with an employee's work or creates an intimidating, hostile or offensive work environment.]
7. Possession or use of a firearm or other dangerous weapon on Company property.
8. Being under the influence of intoxicants or illegal drugs/possession of intoxicants or illegal drugs on Company property. [Please refer to the Company's drug and alcohol policy which is contained in the Employee Guide.]

9. Insubordination.
10. Completing another employee's time sheet. [Employees should complete their time sheets on a daily basis. The supervisor will complete and turn in the employee's time sheet if the employee is absent.]
11. Horseplay (particularly activities which may bring bodily harm to you and/or others).
12. Gambling or other illegal activities at work.
13. Willful disregard for safety or practices.
14. Inappropriate attire or appearance at work.
15. Unauthorized solicitations on company time.
16. Unwarranted and/or excessive absenteeism or tardiness.
17. Continued substandard job performance.
18. Careless damage to property.
19. Unauthorized absences from work station.
20. Excessive break times.
21. Violations of government contractor requirements.
22. Violations of the code of conduct.

Employee offenses identified as numbers 1 through 8 are generally considered more serious in nature. Therefore, progressive discipline may not always apply. The severity of the more serious offenses may require immediate suspension or discharge.

The Company ordinarily will follow progressive discipline for offenses identified as numbers 9 through 22. Only in the more severe cases of offenses for numbers 9 through 22 will other than progressive disciplinary action apply.

Guidelines for progressive discipline are as follows:

1. Oral Warnings
The employee is given an oral warning by her immediate Manager/Supervisor.
2. Written Warning
 - a. If the employee should repeat the same offense for which she had previously received the oral warning, the immediate Manager/Supervisor should then provide the employee with a written warning.
 - b. This written warning should explicitly describe the nature of the offense, time, date and place, as appropriate to the situation.
 - c. A copy of the written warning should be forwarded to the Labor Relations Department.
3. Disciplinary Layoff
 - a. A third repetition of the same offense will usually result in a disciplinary lay off.
 - b. The period of layoff will be determined by the seriousness of the employee's actions.
4. Discharge
 - a. If the employee repeats the offense beyond the previous steps and following a disciplinary layoff, this will result in discharge.
 - b. Labor Relations and the Union must be notified before the employee is actually discharged.

The offenses noted above are by no means inclusive—rather the most common. Other actions which are contrary to good conduct will be dealt with as they occur.

If an employee receives an oral warning for any given offense and there is no reoccurrence within six (6) months at work (excluding periods of layoff and leave of absence) from the date of the initial offense, such oral warning will be considered dropped. If such employee has a second offense within such six (6) month period, progressive disciplinary action will apply. If no further offenses are committed within a twelve (12) month period at work (excluding periods of layoff and leave of absence) from the date of the most recent disciplinary action (i.e., written warning or disciplinary layoff), all record of such offense will be considered dropped.

If an employee receives an oral warning for any given offense and there is no reoccurrence within six (6) months at work (excluding periods of layoff and leave of absence) from the date of the initial offense such oral warning will be removed from the supervisor's copy of the employee file.

APPENDIX B

Letter Agreement: Unqualified Bidders

It is understood that the following will apply where no presently qualified employee is selected to fill a posted job under Section 10.2, and the Company decides to select an unqualified employee from the bid list rather than exercise its right to hire a new employee to fill the job.

In the event there are no presently qualified bidding employees, the Company may elect to select an unqualified employee from the bid list. In that event, the Company shall consider the bidding employee having the most departmental seniority within the occupational group to determine whether such employee possesses the required job skills to be able to grasp the basic fundamentals necessary to perform the job satisfactorily. If such employee does not have the required job skills necessary to learn the job, the Company shall then move on to the next person on the list and follow the same procedure, and so on. The employee selected will be given an opportunity of up to ten (10) working days to demonstrate that she possesses the required job skills necessary to learn the job, but shall not be required to perform in the same capacity as a presently qualified employee. If she fails to demonstrate that she possesses the required skills necessary to learn the job within such up to ten (10) working day period, she may return, or be returned, to her prior job. If such employee is returned to her prior job by the Company, the Company will advise the chief steward or designated building steward thereof at the time of prior to the time of such return, providing the chief steward or designated building steward is available. Such ten (10) day trial period may be extended by mutual agreement in writing between the parties (Union and Company).

It is not the intent of this letter agreement to circumvent or supersede the selecting of the senior presently qualified bidding employees pursuant to Section 10.2, and is only to be applied if there is no presently qualified bidder having seniority, and if the Company decides not to exercise its right to hire a new employee to fill the job.

APPENDIX C

Letter Agreement: Multiple-Module Vestibule Training

It is understood that the following will apply to bids for posted jobs where Multiple Module Vestibule Training is applied:

1. Bidders will be selected as provided in Section 19.2, *supra*, or attached letter agreement regarding unqualified bidders. The bidder thus selected will be given an opportunity of up to ten (10) working days to demonstrate that she possesses the required posting qualifications if selected as qualified, or possesses the required job skills necessary to learn the job, but shall not be required to perform in the same capacity as presently qualified employee if selected as unqualified. This ten (10) working days trial period shall consist of at least one (1) working day training on the job, if such employee is not previously disqualified (which one (1) working day training on the job, or a part thereof, may be waived by mutual agreement between the employee and the Department Supervisor). If she fails to demonstrate that she possesses the required skills necessary to learn the job within such up to ten (10) working day period, she may return, or be returned, to her prior job. If such employee is returned to her prior job by the Company, the Company will advise the steward thereof at the time of prior to the time of such return, providing a steward is available, and if not available as soon as a steward becomes available. Such ten (10) day trial period may be extended by mutual agreement in writing between the parties (Union and Company).
2. If such bidder successfully completes the above ten (10) day trial period, she shall continue training for a period of up to completion of the first module of training, plus up to six (6) working days training on the job, plus such additional modules as are assigned by the Company. If she fails to demonstrate that she is presently qualified to perform the job either within the first module of training, or at the end of completion of the first module plus up to six (6) working days training on the job, or within any subsequent module of training, and if the Company decides to remove her from the job as unqualified, she may elect to be placed, or be placed by the Company, into another job opening for which she is presently qualified and available to perform as follows: first, into the job from which she bid if open at the hourly rate held at the time she bid. Second, into an opening in the wage grade from which she bid. Third, if no such opening exists, into an opening in the next lower wage grade, and so on down by wage grade. If such employee is placed in a job in a wage grade lower than the wage grade from which she bid her hourly rate will be a red circle rate equal to the rate she held in the job from which she bid. In order to remove such red circle rate as soon as feasible, such employee will be moved back into an open job in the higher wage grade from which she bid (first within the department) prior to the posting of such job opening.

It is further understood that such employee has no bumping rights (except probationary employees) thereunder, must be presently qualified and available to perform the open job sought, and may in no event seek a job in a higher grade from which she bid.

APPENDIX D
Tardiness Guidelines

1. This includes time lost at the beginning of the shift and before and after lunch. Each incident shall be considered an occurrence of tardiness, except the following:
 - a) Prearranged and approved late arrival to work or from lunch.
 - b) Snow emergency up to two (2) hours.
 - c) Late arrival to work due to the denial of a call-in vacation day.

For an employee who is working a flexible time schedule each incident of tardiness at the beginning of the work day shall be counted as two (2) occurrence points.

The approval of deduct time will continue to be based on management's discretion. However, good faith accommodation will be made for requests for time off at the beginning or end of the employee's shift if the request does not interfere with the efficient operation of the department.

Employees who exceed seven (7) occurrences of tardiness within a six (6) month period shall be subject to disciplinary action as defined below:

2. Disciplinary Action

- a) Employees who initially exceed the above tardiness guidelines will be subject to the first step of the disciplinary procedure as provided in Appendix A.
- b) Employees who again exceed the above tardiness guidelines during the six (6) month period counting six (6) months back from the most recent occurrence will be subject to the second step of the disciplinary procedure as provided in Appendix A, if occurring within six (6) months of the first step discipline.
- c) Employees who again exceed the above tardiness guidelines during the six (6) month period counting six (6) months back from the most recent occurrence, will be subject to the third step of the disciplinary procedure as provided in Appendix A, if occurring within twelve (12) months of the second step discipline.
- d) Employees who again exceed the above tardiness guidelines during the six (6) month period counting six (6) months back from the most recent occurrence, will be subject to the fourth step of the disciplinary procedure (i.e., discharge) as provided in Appendix A, if occurring within twelve (12) months of the third step discipline.

Disciplinary action should be taken within two (2) working days of the occurrence provided the employee is available at the time and if not, as soon as the employee becomes available.

The Labor Relations Department and the Union must be notified before any employee is actually discharged.

The above guidelines will be administered consistent with the principle of just cause.

APPENDIX E
Absentee Guidelines

1. Absences

An employee is absent when she or she fails to report for work on a scheduled workday. All such time lost, whether available or unavailable, shall be considered an occurrence of absence, except only time away from work due to the following:

- a) Paid vacation.
- b) Paid holidays.
- c) Paid jury or subpoenaed witness duty.
- d) Paid funeral pay under Section 15.1.
- e) Confirmed illness or injury which requires inpatient hospitalization or outpatient treatment of the employee.
- f) A compensable industrial injury.
- g) Leave of absence due to Union business under Section 7.6.
- h) Leave of absence of five (5) consecutive workdays or more for compelling personal reasons.
- i) Leave of absence of five (5) consecutive workdays or more due to a confirmed sickness in the employee's immediate family.
- j) Leave of absence due to the marriage of the employee.
- k) Disciplinary layoff of the employee.
- l) Leave of absence up to five (5) consecutive workdays for confirmed death in the employee's immediate family.
- m) Paid personal day under Section 14.4.
- n) If the absence is due to an illness or injury which causes the Company (or any supervisory or management person) to direct an employee to leave work, and the employee received pay under Section 14.2 or would have received such pay had the same been eligible for pay under STD plan.
- o) An absence due to illness or injury for ten (10) or more consecutive work days where such absence is certified under the Company's STD plan, FMLA, or substantiated by a physician's certificate.
- p) An absence to enable an employee to accompany her dependent minor child or appears as a guardian in court cases.

Employees who exceed three (3) occurrences of absence within a six (6) month period shall be subject to disciplinary action as defined below.

2. Disciplinary Action

- a) Employees who initially exceed the above absentee guidelines will be subject to the first step of the disciplinary procedure as provided in Appendix A (Oral Warning).
- b) Employees who again exceed the above absentee guidelines during the six (6) month period counting six (6) months back from the most recent occurrence, will be subject to the second step of the disciplinary procedure as provided in Appendix A, if occurring within six (6) months of the first step discipline (Written Warning).
- c) Employees who again exceed the above absentee guidelines during the six (6) month period counting six (6) months back from the most recent occurrence, will be subject to the third step of the disciplinary procedure as provided in Appendix A, if occurring within twelve (12) months of the second step discipline (Disciplinary Layoff).

- d) Employees who again exceed the above absentee guidelines during the six (6) month period counting six (6) months back from the most recent occurrence, will be subject to the fourth step of the disciplinary procedure (i.e., discharge) as provided in Appendix A, if occurring within twelve (12) months of the third step discipline (Discharge).

Disciplinary action should be taken within two (2) working days of the occurrence provided the employee is available at the time and if not, as soon as the employee becomes available.

The Labor Relations Department and the Union must be notified before any employee is actually discharged.

The above guidelines will be administered consistent with the principle of just cause.

APPENDIX F
Letter of Understanding: Performance Review Program

It is understood that from time to time employees may need additional training to enable them to perform their duties according to the standards established for their positions.

Corrective Action

When an employee fails to meet the required standards established for the employee's position for two consecutive months, the employee shall be given an opportunity for coaching and direction according to the procedure listed below. If the employee fails to meet the standards during the time period allotted for coaching and direction at step one, the employee shall advance to the next step and so on through the six steps.

In addition, the Company shall provide goal periods to allow the employee an opportunity to meet the required standards prior to advancing the employee to the next step of the corrective action procedure. During the goal periods of time the employee must improve her production standards by at least fifty percent (50%) of the difference between the employee's performance of the standards and the required production standards. If the employee fails to meet the aforementioned production improvement the employee shall advance to the next step of the corrective action procedure. Goal periods shall not apply to an employee who is within five percent (5%) of the required standards.

Step 1. 20 working days of Coaching and Direction

Step 2. 10 working days

Step 3. 10 working days
(oral warning Appendix A, 1.)

Step 4. 10 working days
(written warning Appendix A, 2.)

Step 5. 10 working days
(2nd written warning Appendix A, 2.)

Step 6. (Discharge Appendix A, 4.)

An employee who meets the required standards for a period of six (6) consecutive months after the coaching and direction has been completed at any of the steps listed above shall have the corrective action dropped.

An employee who meets the standards after completion of any of the first five steps listed above and thereafter fails to meet the standards for more than two (2) consecutive months shall begin at step two of the corrective action procedure listed above. If there are substantial changes in the duties of the employee's position the employee shall move to step one of the corrective action procedure listed above.

Corrective action resulting from the failure of an employee to meet production standards shall be separate from corrective action resulting from the failure of an employee to meet the quality standards.

Employee performance reviews, production standards and quality standards for positions shall be subject to the (Alternative Resolution Committee (ARC)) appeals process provided in Appendix H, 2.

In areas where there are changes in production standards there shall be a transition period of two (2) months from the date that the production standards replace the norms. This period will be extended in areas where there are problems with the new production standards. The results of the performance reviews made during this period shall not apply to corrective action. The transition period shall not apply in areas where the production standards have not changed.

APPENDIX G
Letter of Understanding

It is understood that the Union can contact the Company to set up a meeting to consider, prior to the grievance process, items of concern regarding terms and conditions of employment. The Company will pay for the wages of two (2) employees while participating in such meetings, and will consider paying additional employees on a case-by-case basis, for their participation in such meetings.

APPENDIX H
Letter Agreement: Merit Review Program

The parties agree that the Merit Review Program shall have the following components:

1. Performance Evaluation

- a) The supervisor will establish her employee's performance expectations at the beginning of the review period. The expectations will consist of the key job duties. The performance competencies for the position will also be established.
- b) The expectations and competencies will be documented on the performance evaluation form and the supervisor will meet with the employee prior to the beginning of the review period to discuss the expectations and competencies.
- c) The supervisor will provide informal written feedback to the employee regarding whether the employee is exceeding, meeting or not meeting expectations in her performance on a monthly basis.
- d) One (1) month prior to receiving her annual review, the employee must complete the employee self-assessment form and discuss the form with her supervisor.
- e) At the end of the review period, the supervisor will meet with her employee and provide her with her annual review. All performance reviews for employees covered by this Agreement must be completed and presented to the employees on or before March 31 of each year.

2. Appeal Process

- a) Challenges or appeals to merit reviews are not grievable or arbitrable under this Agreement. All employee challenges to performance evaluations must be filed with the Alternative Resolution Committee (the "Committee") as provided below.
- b) An employee who is dissatisfied with her review, and who cannot resolve her concerns with management, shall have the right to appeal the results of her performance evaluation to the Committee. To file an appeal, an employee must contact her Union steward. All appeals must be filed with the Committee on or before April 9 of each year. No appeals will be accepted after this date, unless the Supervisor fails to give her employee their performance evaluation on March 31. If the Supervisor gives her employee their performance evaluation after March 31, the employee will have nine (9) calendar days to submit their appeal.
- c) The Committee shall be comprised of three (3) Union representatives and two (2) Company representatives. The written appeals will be submitted to the Committee by the Chief Steward. The Committee will consider the written appeal and may utilize any other information or persons it deems necessary to reach a fair decision.
- d) The Committee's decision will be determined by a majority, anonymous vote. The Committee must resolve all appeals on or before April 23.
- e) If the employee is dissatisfied with the decision of the Committee, she may appeal the Committee's decision to the Director of Human Resources and the Business or International Representative of OPEIU, Local No. 9 only if the following conditions exist:
 - i. the employee's overall performance was rated as "Does Not Meet Expectations," or
 - ii. the Committee's decision was based on a vote of three (3) to two (2) regardless of the overall performance rating.

The second level of appeal must be completed on or before April 28.

3. Merit Pay

- a) All performance evaluations (except those which are appealed under Section 2, above) must be submitted to the Compensation Department on or before March 31.

- b) The final merit pool will be determined after all performance evaluation appeals have been resolved by the Committee and, if necessary, at the second level of appeal. The Compensation Department will establish a merit pay matrix to distribute the merit pool in accordance with the provisions of Article 19.
- c) All merit increases for employees who, as of May 3, are not at the maximum of the wage grade will be added to such employee's base pay, effective May 3 of each year, as provided below.

- Effective May 3, 2002 – 2.0%
- Effective May 3, 2003 – 2.5%
- Effective May 3, 2004 – 3.0%

Employees who are at or above the maximum of their wage grade will be added to such employee's base pay, effective May 3 each year as provided below.

- Effective May 3, 2002 – 1.0%
- Effective May 3, 2003 – 1.25%
- Effective May 3, 2004 – 1.5%

APPENDIX I
Letter of Agreement: Training Opportunity

The Company and the Union agree that it is to their mutual benefit to retain existing employees whenever possible. Accordingly, in the event an employee is impacted by a job elimination which occurs for any reason, the following training procedure will be followed:

- 1) The affected employee may have three (3) options:
 - a) training;
 - b) bumping;
 - c) severance pay.
- 2) The affected employee will be eligible for the training option if the following conditions are met:
 - a) there is an open position in the employee's same wage grade or lower; and
 - b) the employee possesses the core competencies to perform the duties of the open position. (The determination as to whether the employee possess the core competencies for the position shall rest solely with the Company); and
 - c) the employee can be trained to perform the job at an acceptable level (new employee competency level) with no more than fifteen (15) working days of training. The Company shall have the exclusive right to determine whether the employee can be trained to perform the new job at an acceptable level with no more than fifteen (15) working days of training. The fifteen (15) working days may be extended by mutual agreement.
 - d) If there is more than one (1) vacant job and more than one (1) eligible employee at the same time, the senior employee may select the job she prefers to be trained on.
- 3) Training will occur on work time and may involve on the job training, classroom type training, or a combination of both. The fifteen (15) working days of training may be scheduled in any manner that assures efficient operation in the employee's old and new departments.
- 4) The employee must make a good faith effort to learn the new job she is trained for and must remain in the job for six (6) months following the completion of the training.
- 5) An employee who is trained for an open job, but who is disqualified by the Company due to performance concerns, may elect to:
 - (a) exercise her bumping rights; and/or
 - (b) accept a severance package.
- 6) An employee who is trained for a new job, but elects not to go into the job she has trained for, will not have any bumping rights. She may elect to terminate her employment and accept a severance package or she may be slotted into an open position that is in her same wage grade or in a lower wage grade if she can perform the job with minimal or no training.

SUPPLEMENTAL AGREEMENT TO
2002-2005 COLLECTIVE BARGAINING AGREEMENT

The parties hereby agree that the following shall apply during the term of the 2002-2005 Collective Bargaining Agreement:

1. Profit Sharing Program

- A) In order to motivate participants and achieve annual business performance for the Company, and to provide competitive amounts of compensation to eligible participants for the achievement of annual performance improvements, the Company will provide a Profit Sharing Program payable (if any payment is due) by separate lump sum check on or about March 1, 2003 for the 2002 base year, March 1, 2004 for the 2003 base year and March 1, 2005 for the 2004 base year.
- B) The program terms for each year will be set forth in that year's Profit Sharing Plan document. Program terms and conditions shall be determined by the Company and made applicable to bargaining unit employees on the same basis as for other similar groups of Company employees.

2. Adjacent Counties

The Company will recognize the Union as the Bargaining representative for full-time and regular part-time Class 1 employees of the Company at the new Company facility located in the counties immediately adjacent to Milwaukee County (i.e., Washington, Ozaukee, Waukesha and Racine) under the following conditions:

- A) If the new facility is an accretion to the present bargaining unit under NLRB rules, the Company will recognize the Union and apply the Milwaukee Collective Bargaining Agreement.
- B) If the new facility is not an accretion to the present bargaining unit under NLRB rules, the Company will recognize the Union and negotiate a new contract (including Milwaukee employee's transfer rights), provided the Union demonstrates by a legal card check that they represent an appropriate representative majority of employees in the bargaining unit, which card check will be verified by a neutral party to be selected by the Company and the Union.

3. Transfer Rights

Milwaukee bargaining unit employees shall have transfer rights to any Regional Service Center (subject to negotiations with the Union, if any, at such facility to the following extent):

- A) A Milwaukee bargaining unit employee about to be laid off to the street due to lack of work or reduction in force, or whose job is eliminated as a direct result of the establishment of a new Regional Service Center, will have the option to transfer to such facility and take her seniority with her for layoff and benefit purposes, but will be paid at the applicable wage rate established at the new facility. This option is not available if the affected employee accepts a layoff and retains seniority rights under the Milwaukee contract, or accepts severance pay or retirement under the Retirement Plan, or who otherwise terminates her employment.
- B) Any Milwaukee employee who desires to transfer to a Regional Service Center who is not eligible to do so under (A) above may file an employment request with the Employment Department for a transfer to an available open position at the Regional Service Center. The Employment Department will advise the applicant as to what positions are open, if any, and the Union and employees will be notified when a Regional Service Center is hiring. The Company will give due consideration to the request, but reserves the unilateral right to accept or reject the requesting employee. If the employee is rejected, she will continue her employment in Milwaukee under Milwaukee Collective Bargaining Agreement. If she is accepted, she will be transferred to the Regional Service Center (if then available and still desires to do so) with transfer rights as set forth in (A) above.

4. Severance Pay Opportunity

An eligible employee who is about to be laid off to the street or about to be downgraded may elect to receive severance pay under the following conditions:

A) Severance pay for eligible affected employees shall be as follows:

<u>Service</u>	<u>Amount</u>
0-6 months	No pay
6 months – 1 year	20 hours pay at regular straight time hourly rate
Over 1 year	40 hours of pay per year of service at regular straight time hourly rate, with odd months pro-rated.

B) Benefits

1) Insurance coverage to the end of the month of termination. Additionally, the Company will continue to pay that portion of the medical insurance premium which it pays for active employees for the first three (3) months following termination to run concurrently with COBRA rights. Employees who elect to continue their medical insurance will have the employee portion of the insurance premium deducted from their final paycheck on a pre-tax basis for all three months of coverage. Employees who do not currently carry the Company's medical insurance coverage will be paid out a lump sum amount of \$250.00.

2) Vacation will be paid out upon termination.

(i) Unused

(ii) Pro-rata (accrued)

3) Two and one-half (2-1/2) personal days minus the number of personal days used by the employee prior to her termination date will be paid out. Personal days will be pro-rated for those who work part-time or less than a five (5) day work schedule.

4) Holidays

The Company will pay out any paid holidays that fall within the employee's severance period based upon the length of time the employee would have received payments if severance was paid out over an extended period of time according to the calculation referred to in item A.

5) HIRE Center

The Company will sponsor a meeting with a HIRE Center representative on Company premises.

6) Reference Letter

The Company will provide all employees with a generic letter of reference indicating the reasons for termination.

C) To be eligible for such severance pay and benefits, the employee must be about to be laid off to the street (or about to be downgraded).

D) An eligible employee who elects severance pay will be terminated from employment and will lose all seniority and recall rights under the Collective Bargaining Agreement.

E) If the employee exercises her seniority rights under Article VIII to retain her employment with the Company, or if the employee terminates her employment prior to the scheduled date of her termination or layoff, the employee will not be eligible to receive such severance pay. To be eligible for severance pay the electing employee must continue working for the Company until the date of her termination.

F) Employees shall have the right to collect unemployment compensation. The Company agrees that it will not allocate severance pay hereunder as wages received for unemployment compensation purposes.

5. Customer Service and Claims Adjuster Bumping

There are current customer service representatives, senior customer service representative, and claims adjusters ("affected employees") who are not qualified to bump into positions that are the immediate prerequisites for those positions. When such an affected employee bumps into a lower-rated position, the employee shall:

- A) Be red circled for up to one (1) year from the effective date of bumping at the labor grade three (3) grades below the rate for the customer service representative, senior customer representative or claims adjuster.
- B) Have preferential job placement rights for up to one (1) year from the effective date of bumping when an opening occurs in a prerequisite position for the position the employee bumped out of.
- C) The provisions of Section 8.7 (b) shall apply for a period of one (1) year from the bumping date for such affected employees. During such one (1) year, the employee must return to the home department should an opening occur in the position from which the employee was bumped.

6. Work Scheduling

The Company may temporarily transfer qualified employees to perform available work in other departments. The Company may determine the job classification of the employees whose transfer would best suit its operational and customer service needs. Within the chosen job classification, temporary transfers to another department will be offered first to volunteers on a rotation basis in order of department seniority and then, if necessary, to employees selected in reverse department seniority order on a rotation basis. The arrangements for transfer situations having a significant impact on affected employees will be discussed with the Union before the rotational selection process is used.

7. Flexible Starting Times

The parties have agreed that employees will have an opportunity to participate in a program for flexible starting time ("flex time"). Under that program, employees may arrive up to 30 minutes after their actual scheduled starting time and, in defined circumstances, not be considered tardy.

Factors the Company may consider in determining to continue, expand or curtail the flex time program, in whole or in part, would include operational considerations, staffing levels, work load levels, efficient operations, employee and management experience with flex time and program abuse by employees. The Company may terminate the flex time program, in whole or in part, after the reasons for such a decision have been discussed with the Union. Employees who engage in conduct that is an abuse of the program may be removed from the program after discussion with the Union.

The flex time program increases an employee's responsibility for her time at work. The program anticipates occasional adjustments in employee starting times. The availability of the flex time program for any employee necessarily rests on the good faith, honesty and responsibility of all employees in connection with the program.

To insure the program functions as intended, it will operate as follows when the program opportunity is available:

- A) An employee who arrives within 30 minutes of her actual scheduled starting time must record her actual start time on her time sheet.
- B) The employee may perform work at the end of the workshift that day for the length of time work was missed at the beginning of the shift. Employees may also make up missed time during lunch and /or breaks on the same day that the time was missed with approval from the supervisor.
Approval will be given if the make up time does not interfere with the efficient operation of the department.
- C) No make up opportunity would be available if the employee arrives more than 30 minutes after her actual scheduled starting time.

An employee on the flex time program will be tardy in connection with the beginning of the workday, and be assessed two (2) points for each such tardiness occurrence, when:

- A) The employee arrives over 30 minutes after the actual scheduled starting time.
- B) The employee arrives within 30 minutes of the actual scheduled starting time but does not make up the missed time on the same day.
- C) The employee fails to record her actual arrival time on her time sheet.

Employee tardiness at other times during the workday will be handled in accordance with Appendix E. The full range of discipline permitted under Appendix E may be imposed.

8. Four Day Workweek

The parties mutually desire to record the agreed upon terms and conditions to apply when employees work a four-day workweek schedule. The present opportunity to work a four-day workweek schedule is offered to volunteers who accept the four-day workweek as their regular work schedule. When an employee on that schedule is going to be absent for more than one (1) week, the fill-in work will be offered to volunteers.

When a four-day workweek schedule is in effect, contractual employment terms and conditions for the affected employees are modified as follows:

- A) Hours
 - 1. Redefine normal full-time workweek
 - 2. Monday through Wednesday – 8:00 a.m. to 6:45 p.m.
 - 3. Thursday – 8:15 a.m. to 6:45 p.m.
- B) Overtime
 - 1. Daily overtime will be paid for all hours worked in excess of 10.00 hours on Monday – Wednesday and 9.75 hours on Thursday
 - 2. Weekly overtime will be paid for all hours worked in excess of 40.00 hours
 - 3. Employees who fill in for four-day workweek employees who are absent one week or less will perform that work as overtime.
- C) Vacation

A vacation hours balance will be calculated using 8.00 hours per day of vacation eligibility. From the balance so calculated would be deducted the hours of missed work when vacation is taken.
- D) Holidays

Holidays that fall on scheduled workdays will be paid at the number of hours regularly scheduled for that day. Holidays that fall on non-scheduled days will be paid at 8.00 hours.
- E) Rest Period

Employees will receive two (2) 20 minute paid rest periods. The foregoing modifications would be used as a model if the four-day workweek were to be implemented in other areas of the Company. Any such expansion would be discussed with the Union prior to implementation for the purpose of reviewing appropriate adjustments in contractual employment terms and conditions.

9. Retirement Program

The Company's defined benefit pension plans, now known as the Cobalt Corporation Pension Plan and the UGS Pension Plan, have had five-year vesting schedules since January 1, 1989. All pension-eligible employees will have their pension benefit for service through December 31, 1989 based upon the formula then in effect. Employees whose service with the Company continues thereafter will have their pension benefit calculated for all years of credited service from January 1, 1990 through December 31, 2001 as follows:

- A) Employees who work 1,720 or more hours per year = \$23.00; employees who work between 1,560 and 1,719 hours per year = \$20.00; employees who work between 1,050 and 1,559 hours per year = \$19.00; employees who work between 1,000 and 1,049 hours per year = \$17.50.

The maximum retirement benefit will be a combination of benefits under the earnings formula and based upon years of credited service, up to a maximum of thirty (30) years of service so calculated.

- B) Employees whose service with the Company continues after December 31, 2001 will have their pension benefit calculated for all years of service on and after January 1, 2002 as follows:

Employees who work 1,720 or more hours per year = \$28.00; employees who work between 1,560 and 1,719 hours per year = \$25.00; employees who work between 1,050 and 1,559 hours per year = \$24.00; employees who work between 1,000 and 1,049 hours per year = \$22.50.

- 1) The maximum retirement benefit will be a combination of benefits under the earnings formula and based upon years of credited service, up to a maximum of thirty-five (35) years of service so calculated.
- 2) Early Retirement Pension: Employees who choose the early retirement option under the defined benefit pension plans shall have their accrued retirement benefit on their early retirement date reduced by .25 of 1% for each full month that the effective date of the pension benefit commencement precedes the normal retirement age (65).

- C) Qualified employees employed on or before May 3, 1997 and who retire after May 3, 1997 having attained at least age 60 with fifteen (15) or more years of service with the Company or at least age 65 with five (5) or more years of service with the Company, shall receive Company subsidized retiree medical coverage. To be qualified, an employee must exercise her pension benefit upon retiring from active service. The Company's contribution for the coverage described above will be 80% of the premium cost. However, the Company's contribution will be capped at 150% of the Company's 1997 premium cost. Upon meeting the requirements, the retiree who has not yet reached eligibility for Medicare will be offered the PPO product with a \$250 per person deductible. Upon reaching eligibility for Medicare, the retiree meeting the above requirements must take the currently marketed version of Medicare supplement.

Employees hired after May 3, 1997, who meet eligibility requirements as set forth above, will be eligible for non-subsidized retiree medical coverage.

2002-2003 Union Wage Scale

5/3/2002 – 5/3/2003

Schedule I

2002 - 2003 Union Wage Scale

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11	STEP 12
11	11.32	11.57	11.83	12.06	12.41	12.76	13.23	13.68	14.17	14.69	15.14	15.59	16.07
10	10.91	11.15	11.32	11.57	11.83	12.16	12.51	13.07	13.49	13.95	14.44	14.87	15.35
9	10.39	10.62	10.91	11.24	11.57	11.94	12.41	12.87	13.34	13.85	14.27	14.79	
8	9.95	10.31	10.62	10.99	11.32	11.83	12.30	12.76	13.23	13.67	14.17		
7	9.50	9.66	9.95	10.31	10.74	11.24	11.74	12.16	12.67	13.11	13.59		
6	8.97	9.24	9.50	9.66	10.04	10.39	10.74	11.24	11.71	12.16	12.67		
5	8.50	8.73	8.97	9.24	9.50	9.82	10.15	10.51	10.87	11.32	11.83		
4	8.17	8.39	8.63	8.89	9.10	9.33	9.58	9.82	10.15	10.62	11.15		
3	7.80	8.05	8.27	8.50	8.73	8.97	9.24	9.50	9.95	10.39			
2	7.45	7.69	7.92	8.17	8.39	8.63	8.89	9.33	9.82				
1	7.10	7.34	7.57	7.80	8.05	8.27	8.50	8.73	9.24				
A	6.25	6.46	6.66										

Schedule II

2002 - 2003 Union Wage Scale (Service/Claim Appeals Positions)

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11
MNTNC	14.03	14.42	14.84	15.29	15.75	16.17	16.60	16.97	17.43	17.84	18.32	18.72
MNTNB	11.15	11.50	11.79	12.17	12.55	12.94	13.31	13.71	14.17	14.57	14.98	
MNTNA	10.34	10.78	11.15	11.52	11.87	12.34	12.73	13.18	13.60	13.95		
OFPRS	9.62	9.89	10.22	10.54	10.92	11.29	11.69	12.13	12.59	13.08	13.54	14.08
GRLDR	10.24	10.54	10.87	11.27	11.65	12.09	12.55	13.08	13.57	14.12	14.69	15.33
GROPR	12.05	12.42	12.78	13.18	13.56	13.98	14.43	14.88	15.39	15.90	16.42	16.92
DRIVR	9.51	9.80	10.14	10.45	10.85	11.20	11.52	11.86	12.25	12.61		
CLM APPL	12.45	12.92	13.21	13.50	13.88	14.29	14.81	15.35	15.90	16.47	17.06	17.68
Sr. CLM APPL	11.89	12.35	12.61	12.88	13.25	13.62	14.13	14.64	15.18	15.71	16.29	16.87

Schedule A

2002 - 2003 Union Wage Scale (Grandfathered Employees)

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11
EE	9.50	9.81	10.15	10.54	10.87	11.27	11.59	12.03	12.39	12.75	13.13	13.50
D	8.40	8.73	9.09	9.54	9.83	10.22	10.58	10.91	11.27	11.59		

*Schedules I and II are to be used for new hires, internal promotions or demotions.

Effective May 3 of each year of the contract the wage scale is increased by the appropriate range increase. Schedules I, II or A are not all inclusive of all wage rates. Any questions regarding rates of pay not included in Schedules I, II or A should be referred to Human Resources.

2003-2004 Union Wage Scale

5/3/2003 – 5/3/2004

Schedule III

2003 - 2004 Union Wage Scale

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11	STEP 12
11	11.60	11.86	12.13	12.36	12.72	13.08	13.56	14.02	14.52	15.06	15.52	15.98	16.47
10	11.18	11.43	11.60	11.86	12.13	12.46	12.82	13.40	13.83	14.30	14.80	15.24	15.73
9	10.65	10.89	11.18	11.52	11.86	12.24	12.72	13.19	13.67	14.20	14.63	15.16	
8	10.20	10.57	10.89	11.26	11.60	12.13	12.61	13.08	13.56	14.01	14.52		
7	9.74	9.90	10.20	10.57	11.01	11.52	12.03	12.46	12.99	13.44	13.93		
6	9.19	9.47	9.74	9.90	10.29	10.65	11.01	11.52	12.00	12.46	12.99		
5	8.71	8.95	9.19	9.47	9.74	10.07	10.40	10.77	11.14	11.60	12.13		
4	8.37	8.60	8.85	9.11	9.33	9.56	9.82	10.07	10.40	10.89	11.43		
3	8.00	8.25	8.48	8.71	8.95	9.19	9.47	9.74	10.20	10.65			
2	7.64	7.88	8.12	8.37	8.60	8.85	9.11	9.56	10.07				
1	7.28	7.52	7.76	8.00	8.25	8.48	8.71	8.95	9.47				
A	6.41	6.62	6.83										

Schedule IV

2003 - 2004 Union Wage Scale (Service/Claim Appeals Positions)

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11
MNTNC	14.38	14.78	15.21	15.67	16.14	16.57	17.02	17.39	17.87	18.29	18.78	19.19
MNTNB	11.43	11.79	12.08	12.47	12.86	13.26	13.64	14.05	14.52	14.93	15.35	
MNTNA	10.60	11.05	11.43	11.81	12.17	12.65	13.05	13.51	13.94	14.30		
OFPRS	9.86	10.14	10.48	10.80	11.19	11.57	11.98	12.43	12.90	13.41	13.88	14.43
GRLDR	10.50	10.80	11.14	11.55	11.94	12.39	12.86	13.41	13.91	14.47	15.06	15.71
GROPR	12.35	12.73	13.10	13.51	13.90	14.33	14.79	15.25	15.77	16.30	16.83	17.34
DRIVR	9.75	10.05	10.39	10.71	11.12	11.48	11.81	12.16	12.56	12.93		
CLM APPL	12.76	13.24	13.54	13.84	14.23	14.65	15.18	15.73	16.30	16.88	17.49	18.12
Sr. CLM APPL	12.19	12.66	12.93	13.20	13.58	13.96	14.48	15.01	15.56	16.10	16.70	17.29

Schedule B

2003 - 2004 Union Wage Scale (Grandfathered Employees)

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11
E	9.74	10.06	10.40	10.80	11.14	11.55	11.88	12.33	12.70	13.07	13.46	13.84
D	8.61	8.95	9.32	9.78	10.08	10.48	10.84	11.18	11.55	11.88		

*Schedules III and IV are to be used for new hires, internal promotions or demotions.

Effective May 3 of each year of the contract the wage scale is increased by the appropriate range increase. Schedules III, IV or B are not all inclusive of all wage rates. Any questions regarding rates of pay not included in Schedules III, IV or B should be referred to Human Resources.

2004-2005 Union Wage Scale

5/3/2004 – 5/3/2005

Schedule V

2004 - 2005 Union Wage Scale

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11	STEP 12
11	11.86	12.13	12.40	12.64	13.01	13.37	13.87	14.34	14.85	15.40	15.87	16.34	16.84
10	11.43	11.69	11.86	12.13	12.40	12.74	13.11	13.70	14.14	14.62	15.13	15.58	16.08
9	10.89	11.14	11.43	11.78	12.13	12.52	13.01	13.49	13.98	14.52	14.96	15.50	
8	10.43	10.81	11.14	11.51	11.86	12.40	12.89	13.37	13.87	14.33	14.85		
7	9.96	10.12	10.43	10.81	11.26	11.78	12.30	12.74	13.28	13.74	14.24		
6	9.40	9.68	9.96	10.12	10.52	10.89	11.26	11.78	12.27	12.74	13.28		
5	8.91	9.15	9.40	9.68	9.96	10.30	10.63	11.01	11.39	11.86	12.40		
4	8.56	8.79	9.05	9.31	9.54	9.78	10.04	10.30	10.63	11.14	11.69		
3	8.18	8.44	8.67	8.91	9.15	9.40	9.68	9.96	10.43	10.89			
2	7.81	8.06	8.30	8.56	8.79	9.05	9.31	9.78	10.30				
1	7.44	7.69	7.93	8.18	8.44	8.67	8.91	9.15	9.68				
A	6.55	6.77	6.98										

Schedule VI

2004 - 2005 Union Wage Scale (Service/Claim Appeals Positions)

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11
MNTNC	14.70	15.11	15.55	16.02	16.50	16.94	17.40	17.78	18.27	18.70	19.20	19.62
MNTNB	11.69	12.06	12.35	12.75	13.15	13.56	13.95	14.37	14.85	15.27	15.70	
MNTNA	10.84	11.30	11.69	12.08	12.44	12.93	13.34	13.81	14.25	14.62		
OFPRS	10.08	10.37	10.72	11.04	11.44	11.83	12.25	12.71	13.19	13.71	14.19	14.75
GRLDR	10.74	11.04	11.39	11.81	12.21	12.67	13.15	13.71	14.22	14.80	15.40	16.06
GROPR	12.63	13.02	13.39	13.81	14.21	14.65	15.12	15.59	16.12	16.67	17.21	17.73
DRIVR	9.97	10.28	10.62	10.95	11.37	11.74	12.08	12.43	12.84	13.22		
CLM APPL	13.05	13.54	13.84	14.15	14.55	14.98	15.52	16.08	16.67	17.26	17.88	18.53
Sr. CLM APPL	12.46	12.94	13.22	13.50	13.89	14.27	14.81	15.35	15.91	16.46	17.08	17.68

Schedule C

2002 - 2003 Union Wage Scale (Grandfathered Employees)

WAGE GRADE	START	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10	STEP 11
E	9.96	10.29	10.63	11.04	11.39	11.81	12.15	12.61	12.99	13.36	13.76	14.15
D	8.80	9.15	9.53	10.00	10.31	10.72	11.08	11.43	11.81	12.15		

*Schedules V and VI are to be used for new hires, internal promotions or demotions.

Effective May 3 of each year of the contract the wage scale is increased by the appropriate range increase. Schedules V, VI or C are not all inclusive of all wage rates. Any questions regarding rates of pay not included in Schedules V, VI or C should be referred to Human Resources.

SENIORITY GROUP LISTING

GOVERNMENT PROGRAMS BUILDING SERVICES

Building Services

**GOVERNMENT PROGRAMS
CUSTOMER SERVICE AND CLAIMS**

Administrative Support Area
Customer Service & Training
Customer Service Administration
Fraud Complaint Processing Unit
Medical Reconsiderations & Appeals
Medical Review CMA
Medicare Claims Administration
Medicare FQHC Data Entry
Medicare Home Health II
Medicare Mail & Claim Prep
Medicare Medical Review Administration
Medicare SNF Outpatient
MI Claims Processing
Michigan Medical Review (WI)
WI FQHC/SNF Claims Processing
WI Hospital Claims Processing
WI RHHI Claims Processing
WI/MI Beneficiary Inquiry Services
WI/MI Provider Tele Services
WI/VA/MI/MSP EGHP

GOVERNMENT PROGRAMS FINANCE

Financial Statements
Medicare CFO Reporting
Medicare STAR Reporting
Michigan Cost Report Processing
Provider Audit Appeals

**SOUTHEAST REGION CUSTOMER SERVICE AND
CLAIMS**

Claim Acquisition
Control & Distribution
Corporate Historical Retrieval
FEP Claims
Imaging – SE
SE BC Group Enrollment
SE Contract & Booklet
SE Lobby Customer Service
SE-BC-Enrollment
SE-FEP Customer Service
Southeast ASO FDEE Professional/Sub

Schedule F

Wage Grade 2

02025 Claims Preparation Clerk
R1202 Micrographics Clerk
02032 Retrieval & Records Control Clerk

Wage Grade 3

03102 Appeals Clerk
03080 Claims Preparation Clerk
R3404 Claims Preparation Clerk
03050 Contract/Benefit Clerk
03001 Data Entry Operator
03056 FQHC Librarian
03016 General Clerk
03049 Micrographics Operator
03052 Medicare Distribution Clerk
03101 Projects Clerk
03103 Reporting Clerk
03141 Star Input Clerk

Wage Grade 4

04044 Claims Preparation Control Clerk
04078 Data Control Operator
04024 Data Entry Examiner I
04075 Medicare Control Clerk
04018 Medicare Customer Service Support Clerk
04103 Medicare Medical Review Typist
04039 Provider Payment Clerk
04071 Suspense Adjustment Clerk
04104 TPL Appeals Clerk

Wage Grade 5

05075 Cost Report Clerk
05117 Finance Assistant-UGS
05077 Fraud Clerk
05056 Medical Review Clerk
05074 Medicare Cost Reporting Librarian
05119 Suspense Adjustment Clerk
05070 Word Processing/RMS Operator

Wage Grade 6

06200 Bill Approval Clerk
06114 Claims Assistant
06057 Customer Service Representative I
06052 Examiner II
R6702 Examiner II
R6801 Examiner II
06002 Group Processor II
06009 Secretary
06050 Senior Micrographics & Distribution Clerk

Wage Grade 7

07056 Bill Adjustment Clerk
07501 Building and Facility Services Assistant
07058 Examiner II Coordination of Benefits
07105 Federal Programs Assistant
07107 Medicare Accounting Clerk
07069 Medicare Bill Adjustment Clerk II
07113 NPR Specialist
07085 Senior Clerk Administrative Support
07305 Senior Clerk Data Control
07055 Senior Clerk Micrographics
07062 Senior Data Entry Examiner-FQHC

Wage Grade 8

08061 Claim Adjustor
08056 Membership Reconciliation Clerk
08074 Quality Auditor
08060 Suspense Adjudicator

Wage Grade 9

09035 Customer Service Representative II
09038 Medicare Customer Service Representative
09058 Senior Clerk Medicare Claims
09036 Senior Clerk Membership Subscriber Processing
09039 Subrogation Investigator

Wage Grade 10

10040 Correspondence Representative
10026 FEP Operations Specialist

Wage Grade 11

11102 Claims and Customer Service Specialist

Service Worker

18001 Maintenance Person C
19004 Maintenance Person A

SCHEDULE F I

R4307 Micrographics Operator
R5405 Medicare Support Services Clerk

Disclosure Schedule 3.2(o)(i)(I)
to Agreement and Plan of Merger Dated as of June 3, 2003

Joint venture and/or partnership agreements:

- The Valley Joint Venture: A Joint Venture Agreement dated January 1, 2003 has been entered into among Cobalt Corporation, Valley Health Plan, Inc. (“Valley”), Luther Hospital, Mayo Health System, and Midelfort Clinic, Ltd., Mayo Health System. Under this Agreement, Valley subscribers may use the hospitals and clinics operated by the other non-Cobalt parties.

- The Unity Joint Venture: The Unity Joint Venture is set forth in two agreements: (1) An Amended and Restated Joint Venture Agreement dated October 25, 1999 has been entered into by and among Unity Health Plans Insurance Corporation (“Unity”), Blue Cross & Blue Shield United of Wisconsin, United Wisconsin Services, Inc., and Community Health Systems, LLC (“Community”). Under this Agreement, Unity’s rural subscribers in southwestern Wisconsin may use the health care facilities and services of Community. (2) A Second Amended and Restated Joint Venture Agreement dated September 30, 1999 has been entered into by and among Unity Health Plans Insurance Corporation (“Unity”), Blue Cross & Blue Shield United of Wisconsin, United Wisconsin Services, Inc., University Health Care, Inc., University Community Clinics, Inc., and Health Professionals of Wisconsin, Inc. Under this Agreement, Unity’s subscribers located in and around the City of Madison, Wisconsin may use the health care facilities and services operated or provided by the last three named parties.

Target Disclosure Schedule 3.2(o)(i)(J)
to Agreement and Plan of Merger Dated as of June 3, 2003

None

Disclosure Schedule 3.2(o)(i)(K)
to Agreement and Plan of Merger Dated as of June 3, 2003

Reinsurance Agreements: See attached Exhibit A to Schedule 3.2(o)(i)(K).

Exhibit A to Schedule 3.2(a)(1)(k)-Reinsurance Agreements
REINSURANCE AGREEMENT SUMMARY (2002/2001)

Blue Cross & Blue Shield United of Wisconsin

Assuming Contracts	A.M. Best Rating	Effective Date	Termination Date	Type of Reinsurance	2002	2001
1 United Wisconsin Insurance Company - All of United Dairy Trust and United Dairy Plan business.	NM	January 1, 1994	Ongoing	100% Quota Share	19,000	4,000
						21.1%
					71,000	162,000
						228.2%
2 United Wisconsin Insurance Company - All of the Medicare Supplement and other individual policies, including certain policies issued by Wellmark.	NM	June 1, 2000	Ongoing	100% Quota Share	2,925,000	2,324,000
						79.4%
					5,710,000	3,733,000
						65.4%
3 United Wisconsin Insurance Company - Excess loss coverage for the HMO portion of Compcare's (Health and Dental) point-of-service Plans.	NM	January 1, 2002	December 31, 2002 Annual 1 year extensions unless terminated.	100% Quota Share	8,025,000	6,024,000
						75.1%
					N/A	N/A
					N/A	N/A

Ceding Contracts

4 Reinsurer Life Insurance - Insured group business and stop-loss coverage purchased by self-insured groups.	External	A*	May 1, 2001	April 30, 2003	\$500,000	278,147	101,701	36.6%
						123,569	744,765	602.7%
5 MadAmerica Insurance Company - Long Term Care Business	External	A-	July 13, 1998	October 31, 2001	50%	N/A	N/A	N/A
						88,879	63,215	71.1%
6 Munich American Reinsurance Company - Insured group business and stop-loss coverage purchased by self-insured groups.	External	A**	May 1, 2000	April 30, 2001	\$300,000	N/A	(10,993)	N/A
						123,551	100,102	81.0%

Compcare Health Services Insurance Corporation

Assuming Contracts	Rating	Effective Date	Termination Date	Type of Reinsurance	2002	2001		
7 BCS Insurance Company - All business covered under policy	External	A-	May 1, 2001	April 30, 2002	\$300,000	2,530,735	2,492,330	88.5%

8	Standard Security Life Insurance Co.-NY	External	A	May 1, 2002	April 30, 2003	\$400,000 with a average daily maximum of \$3,000. Contract includes an advanced experience refund program.	2002	Not available	Not available	N/A
	- All business covered under commercial and Pikt of Service policy						2001	N/A	N/A	N/A
9	United Wisconsin Insurance Company	Intercompany	B+	October 1, 2000	Ongoing	Provide 100% coverage above loss ratio above loss ratio of 99%	2002	176,128	-	0.0%
	- Covers all coverages issued by ComshareBlue under the HMO (in-network) portion of its point of service plans						2001	349,785	-	0.0%
10	United Wisconsin Insurance Company	Intercompany	B+	January 1, 1995	Ongoing	Provide 100% coverage above loss ratio above loss ratio of 99%	2002	-	-	#DIV/0!
	- Covers all coverages issued by DentalBlue HMO under the HMO (in-network) portion of its point of service plans						2001	-	-	#DIV/0!

Valley Health Plan

Assuming Contracts
 Not applicable
 Ceding Contracts

Effective Date Termination Date Type of Reinsurance

12	Standard Security Life Insurance Co.-NY	External	A	January 1, 2002	December 31, 2002	90% of hospital inpatient losses over \$150,000 with a maximum of \$3,500 per day. Home Health Care for a maximum of \$350 per for 45 days	2002	154,589	112,247	72.6%
	- All business covered under policy except Medicare Supplement						2001	N/A	N/A	N/A

Unity Health Plans Insurance Company

Assuming Contracts
 Not applicable
 Ceding Contracts

Effective Date Termination Date Type of Reinsurance

13	Blue Cross Blue Shield United of Wisconsin	Intercompany	B+	Effective 1997 Implemented November 1, 2000	June 30, 2001	Provide 100% coverage above loss ratio above loss ratio of 99.5%	2002	N/A	N/A	N/A
	- Covers all coverages issued by Unity under the HMO (in-network) portion of its point of service plans						2001	88,956	79,000	112.9%
14	Standard Security Life Insurance Co.-NY	External	A	January 1, 2000	May 1, 2004	\$225,000 In-patient services only	2002/2001	864,172	155,638	16.1%

United Wisconsin Insurance Company

Assuming Contracts

Effective Date **Termination Date** **Type of Reinsurance**

Assuming Contracts	Effective Date	Termination Date	Type of Reinsurance	#DIV/0!
23	October 1, 2000	Ongoing	Provide 100% coverage above loss ratio above loss ratio of 99%	0.0%
24	January 1, 1995	Ongoing	Provide 100% coverage above loss ratio above loss ratio of 99%	0.0%
25	April 1, 2001	April 1, 2001	Assumption reinsurance agreement for the business marketed by IRG.	N/A
26	November 1, 2000	June 30, 2001	Provide 100% coverage above loss ratio above loss ratio of 99.5%	112.9%
27	January 1, 2001	30-Jun-02	65 % Quota Share - UHI Business and 50% of UHI, Business	47.4%
28	January 1, 1994	Ongoing	100% Quota Share	53.5%
29	June 1, 2000	Ongoing	100% Quota Share	
30	January 1, 2002	December 31, 2002	100% of the Net Written Premium	
31	December 1, 2001	November 30, 2002	100% Quota Share Agreement	

Ceding Contracts

Ceding Contracts	Effective Date	Termination Date	Type of Reinsurance	#DIV/0!
28	January 1, 1994	Ongoing	100% Quota Share	#DIV/0!
29	June 1, 2000	Ongoing	100% Quota Share	#DIV/0!
30	January 1, 2002	December 31, 2002	100% of the Net Written Premium	#DIV/0!
31	December 1, 2001	November 30, 2002	100% Quota Share Agreement	#DIV/0!

32	United Wisconsin Life Insurance Company - All Minnesota business marketed by AMS	External	A-	January 1, 1985	December 31, 2004	100% Quota Share Agreement	2002	-	849,643	NM
							2001	88,000	(2,508)	-3.6%
33	General & Cologne Re of America - Group Long Term Disability Policies underwritten by UWIC	External	A+	October 1, 1997	September 30, 2001	60% of net benefits paid on each claim in excess of \$75,000.	2002	N/A	N/A	N/A
							2001	3,085,282	2,394,651	77.6%
34	General & Cologne Re of America - Group Long Term Disability Policies underwritten by UWIC and reinsured by UHLIC (effective December 1, 2001)	External	A+	October 1, 2001	November 30, 2001 (Transferred to UHLIC at that time)	100% of the gross monthly benefit in excess of \$3,500 up to a maximum of \$10,000 on each certificate on an automatic basis; \$10,000 to a maximum of \$23,500 on a facultative basis.	2002	N/A	N/A	N/A
							2001	182,194	278,935	153.1%
35	Employer's Reinsurance Corporation - Group Long Term Disability Policies underwritten by UWIC and reinsured by UHLIC (effective December 1, 2001)	External	A++	February 1, 1977	November 30, 2001 (Transferred to UHLIC at that time)	60% of all losses in excess of \$50,000 or \$60,000 based on date of loss	2002	-	-	NM
							2001	-	-	NM
36	General American Life Insurance - Group Long Term Disability Policies underwritten by UWIC and reinsured by UHLIC (effective December 1, 2001)	External	A+	July 1, 1995	November 30, 2001 (Transferred to UHLIC at that time)	90% of all losses in excess of \$50,000 plus 100% of losses with monthly benefits exceeding \$7,500	2002	-	-	NM
							2001	-	-	NM
37	Employer's Reinsurance Corporation - Worker's Compensation policies underwritten by UWIC and marketed by UHI	External	A++	January 1, 2001	December 31, 2001	Excess of \$250,000 to statutory limits	2002	2,357,008	994,490	42.2%
							2001	2,366,098	944,589	39.9%
38	Scor Re and Midwest Employers - Worker's Compensation policies underwritten by UWIC and marketed by UHI	External	A/A	January 1, 2002	December 31, 2002 Annual Renewals at UWIC's option.	Excess of \$250,000 to statutory limits	2002	2,042,237	402,835	19.7%
							2001	N/A	N/A	N/A
39	Harbor Re Midwest Employers Swiss Re PMA Re - Worker's Compensation underwritten by UWIC	External	A	January 1, 2003	30-Jun-04 Annual Renewals at UWIC's option.	50% \$9.5 million XS \$500,000 50% \$8.0 million XS \$2.0 million 100% \$5.0 million XS \$10.0 million 100% \$20.0 million XS \$15.0 million 100% \$30.0 million XS \$35.0 million				0.0%
										0.0%
										0.0%
										0.0%
40	Life Reassurance Corporation of America (Swiss Re) - All Voluntary A&D policies underwritten by UWIC	External	A++	June 1, 1983	Unlimited Duration	30% Quota Share	2002	14,925	-	0.0%
							2001	6,172	-	0.0%
41	XL Reinsurance America (formerly MAC Reinsurance Corporation) - Worker's Compensation policies underwritten by UWIC	External	A+	January 1, 2001	June 30, 2003	20% Quota Share through June 30, 2001. 35% Quota Share as of July 1, 2001 for UHI 50% Quota Share for UHLIC related business	2002	32,286,626	10,862,300	33.1%
							2001	16,949,826	4,555,867	24.0%

42 Third Coast Insurance Company - Worker's Compensation Business Written by United Heartland of ILL	External	NR-3	January 1, 2001	December 31, 2002	10% Quota Share	2002	2,307,529	1,003,907	43.5%
						2001	1,512,968	489,618	31.0%

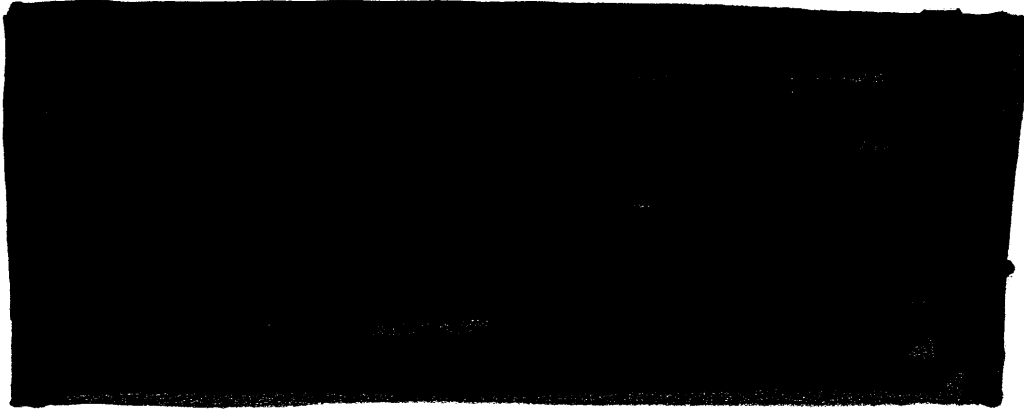
Target Disclosure Schedule 3.2(o)(i)(L)
to Agreement and Plan of Merger Dated as of June 3, 2003

Other material contracts:



Disclosure Schedule 3.2(o)(i)(M)
to Agreement and Plan of Merger Dated as of June 3, 2003

Non-competition Agreements:



Target Disclosure Schedule 3.2(p)
to Agreement and Plan of Merger Dated as of June 3, 2003

Employee benefit plans:

Disclosures for subparagraph (i), constituting a complete list of each Benefit Plan, stock purchase, stock option, severance, employment, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation and all other employee benefit plans, agreements, programs, policies or other arrangements.

1. Cobalt Corporation Pension Plan (and related trust agreement)
2. UGS Pension Plan (and related trust agreement)
3. Cobalt Corporation 401(k) Plan (and related trust agreement)
4. BCBSUW Union Employees 401(k) Plan (and related trust agreement)
5. Cobalt Corporation Supplemental Executive Retirement Plan (and related Rabbi Trust agreement)
6. Cobalt Corporation Voluntary Deferred Compensation Plan [currently separate plans named the United Wisconsin Services, Inc. Voluntary Deferred Compensation Plan and the Blue Cross & Blue Shield United of Wisconsin Voluntary Deferred Compensation Plan] (and related Rabbi Trust agreement)
7. Cobalt Corporation Deferred Compensation Plan for Directors [currently separate plans named the United Wisconsin Services, Inc. Voluntary Deferred Compensation Plan for Directors and the Blue Cross & Blue Shield United of Wisconsin Deferred Compensation Plan for Directors] (and related Rabbi Trust agreement)
8. Blue Cross & Blue Shield United of Wisconsin Executive "Split-Dollar" Plan and schedule of policies (frozen)
9. Cobalt Corporation Supplemental Executive Benefits for the CEO and COO (perquisite plans including executive medical reimbursement, financial planning assistance, etc.)
10. Cobalt Corporation Supplemental Executive Benefits (perquisite plans including executive medical reimbursement, financial planning assistance, etc.)
11. Cobalt Corporation Flexible Benefit Plan (Plan Number 501)
12. United Government Services, LLC Flexible Benefit Plan (504)
13. Cobalt Corporation Employee Health and LTD Plan (502) [including post-retirement health plans for retirees and the related Blue Cross & Blue Shield United of Wisconsin Post Retirement Welfare Benefit Trust for Bargaining Unit Employees, or "VEBA" trust]
14. Cobalt Corporation Life and AD&D Plan (503)
15. Cobalt Corporation STD Plan (504)
16. Cobalt Corporation Travel Accident Plan (506)
17. Cobalt Corporation Transportation Expense Spending Account Program
18. Cobalt Corporation Salary Reduction Transportation Benefit Program
19. Unity Health Plans Health Insurance Plan (502)

20. Unity Health Plans Life, AD&D, LTD, STD and Optional Life Plan (503)
21. United Government Services, LLC Medical Plan (501)
22. United Government Services, LLC Group Disability Plan (502)
23. United Government Services, LLC Group Life Plan (503)
24. Claim Management Services, Inc. Medical, Prescription Drug, Dental and Vision Plan (503)
25. Claim Management Services, Inc. Income Replacement Plan (503)
26. Claim Management Services, Inc. Section 125 Cafeteria Plan (503)
27. Claim Management Services, Inc. LTD, Life and AD&D Plan (504)
28. Cobalt Corporation Tuition Assistance Plan
29. United Government Services, LLC Tuition Assistance Plan
30. Claim Management Services, Inc. Educational Benefits Plan
31. Cobalt Corporation Equity Incentive Plan dated September 11, 1998 including amendments through May 29, 2002 and the 2003 Incentive Plan expected to be approved at the June 4, 2003 Shareholders' Meeting
32. Severance Agreements with [REDACTED] dated November 2002
33. Severance Agreements with [REDACTED] dated April 28 and 29, 2003 respectively
34. Severance Agreement with [REDACTED] dated April 18, 2003
35. Severance Agreements with [REDACTED] resulting from the elimination of positions in the [REDACTED]
36. Severance Agreements with [REDACTED] resulting from the elimination of positions in the [REDACTED] office
37. Services Agreement with [REDACTED] dated July 31, 1999
38. Employment Agreement with the CEO, Stephen E. Bablitch dated May 29, 2002
39. Employment Agreement with the COO, Michael E. Bernstein dated May 29, 2002
40. Employment Agreement with [REDACTED] dated January 21, 2001
41. Employment Agreements with the executive management staff of [REDACTED] each dated January 1, 2003
42. Employment offer letters for [REDACTED]
43. Change-in-Control Agreements with executives; [REDACTED]
44. United Government Services, LLC Long-Term Cash Incentive Plan
45. All other "fringe" benefit programs as described in the respective entity's new hire and employment materials which describe such programs as paid vacation time, paid personal days, paid holidays, employee assistance plan, Healthy Additions prenatal program, voluntary employee-paid programs, etc.

46. Cobalt Corporation 2003 Profit Sharing Plan
47. United Government Services, LLC 2002 Sharing Plan
48. Unity Health Plans 2003 Profit Sharing Plan
49. Cobalt Corporation 2003 Management Incentive Plan
50. United Government Services, LLC 2003 Medicare Management Incentive Plan
51. United Government Services, LLC 2003 Medicaid Management Incentive Plan
52. Sales and Other Incentive Plans
53. Agreement between Blue Cross & Blue Shield United of Wisconsin and United Government Services, LLC and Office Professional Employees International Union, Local No. 9, AFL-CIO-CLC dated May 3, 2002
54. Non-competition agreements with all Blue Cross/Blue Shield United of Wisconsin and Compcare employees performing sales or sales management responsibilities
55. Cobalt Corporation Special Military Leave Policy (effective May 22, 2003).

Disclosure relating to subparagraph (iii), clause D: exceptions are noted with respect to the various change-in-control agreements listed as items 42 and 43 above with respect to the disclosures for subparagraph (i) of Section 3.2(p).

Disclosure relating to subparagraph (iii), clause E: exceptions are noted with respect to the approximately 100 surviving participants in the Target's post-retirement medical program whose retirement occurred prior to November 1, 1986 and to whom it was promised that no changes would be made to their benefit levels or premium payments.

Disclosure relating to subparagraph (v): exceptions are noted with respect to the various change-in-control agreements listed as items 42 and 43 above with respect to the disclosures for subparagraph (i) of Section 3.2(p).

Target Disclosure Schedule 3.2(q)
to Agreement and Plan of Merger
Dated as of June 3, 2003

Labor Matters:

Matters not submitted to OCI by Agreement as immaterial.

Target Disclosure Schedule 3.2(r)
to Agreement and Plan of Merger Dated as of June 3, 2003

Affiliate transactions:

Disclosures relating to clause (i) of paragraph 3.2(r): See the employee agreement and change-in-control agreements referred to in Schedule 3.2(p).


Disclosures relating to clause (ii) of paragraph 3.2(r):

- A Voting Trust and Divestiture Agreement exists with Blue Cross & Blue Shield United of Wisconsin Public Health Foundation.
- Target does business in the ordinary course with Blue Cross & Blue Shield United of Wisconsin, a wholly owned subsidiary of Target which owns 7,949,904 shares of Target

Disclosures relating to clause (iii) of paragraph 3.2(r): Transactions in the ordinary course between and among Target and its affiliates

Target Disclosure Schedule 3.2(t)
to Agreement and Plan of Merger Dated as of June 3, 2003

Insurance:

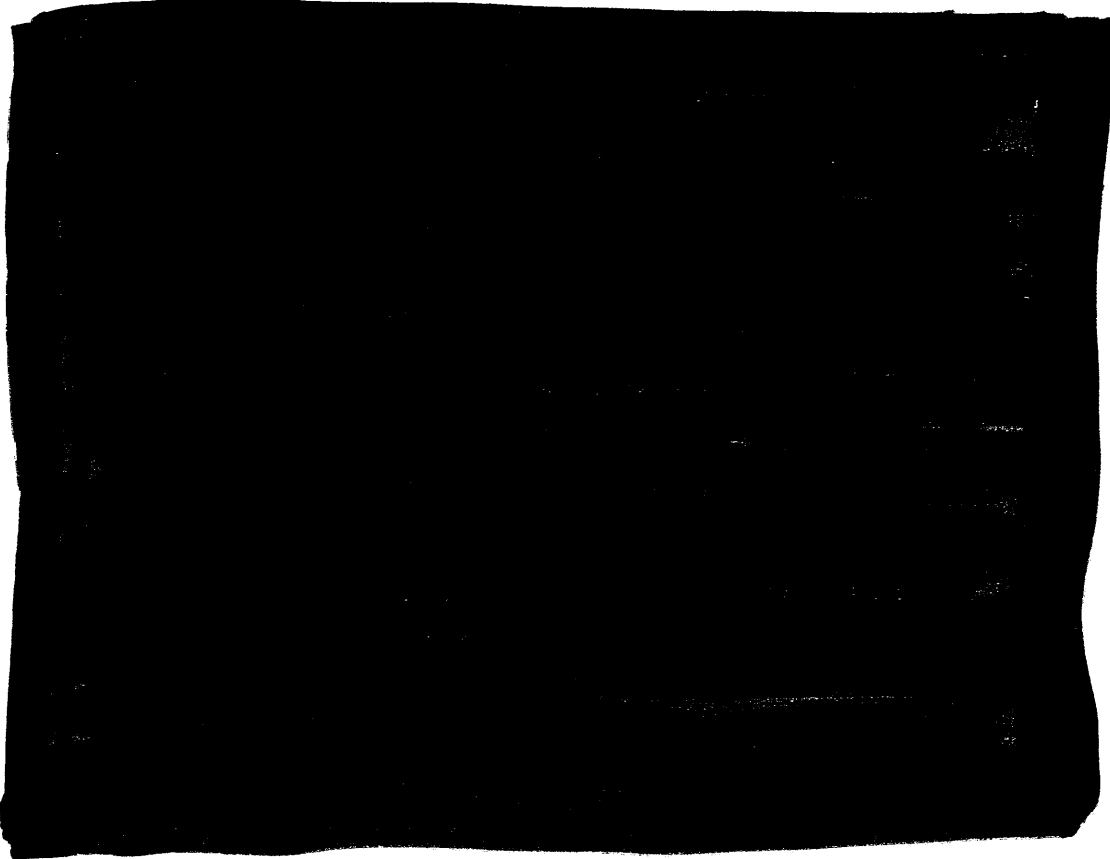


Target Disclosure Schedule 3.2(v)
to Agreement and Plan of Merger Dated as of June 3, 2003

HIPAA remediation plan: Cobalt has detailed work plans for it and its subsidiaries that address each of the three main HIPAA objectives: Security, Privacy, and Transaction Sets Action Plan. Copies of these work plans have been provided in due diligence.

Target Disclosure Schedule 4.1
to Agreement and Plan of Merger Dated as of June 3, 2003

Disclosures relating to conduct of business (paragraph lettering corresponds to paragraphs in Section 4.1):



Target Disclosure Schedule 5.5
to Agreement and Plan of Merger Dated as of June 3, 2003

