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**BYLAWS OF
AMERICAN MEDICAL SECURITY GROUP, INC.
(as Amended and Restated November 17, 1999)**

ARTICLE I. OFFICES

1.01. **PRINCIPAL AND BUSINESS OFFICES.** The Corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

1.02. **REGISTERED OFFICE.** The registered office of the Corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical to the principal office in the state of Wisconsin; and the address of the registered office may be changed from time to time by any officer or by the registered agent. The business office of the registered agent of the Corporation shall be identical to the registered office.

ARTICLE II. SHAREHOLDERS

2.01. **ANNUAL MEETING.** The Annual Meeting of the Shareholders shall be held at the principal office of the Corporation in the City of Green Bay, Brown County, Wisconsin, unless the Board of Directors shall designate another location either within or without the State of Wisconsin. The Annual Meeting shall take place on the last Thursday of May each year or at such other time and date as may be fixed by or under the authority of the Board of Directors. If the day fixed for the Annual Meeting shall be a legal holiday in the State of Wisconsin, such meeting shall be held on the next succeeding business day. At such meeting the Shareholders shall elect directors and transact such other business as shall lawfully come before them.

A. **ELECTIONS AND OTHER BUSINESS.** Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the Shareholders may be made at the Annual Meeting:

1. Pursuant to the Corporation's notice of meeting;
2. By or at the direction of the Board of Directors; or
3. By any Shareholder of the Corporation who is a Shareholder of record at the time of the giving of the notice provided for in these Bylaws and who is entitled to vote at the meeting and complies with the notice procedures set forth below.

B. NOMINATIONS AND SUBMISSION OF BUSINESS MATTERS. For nominations or other business to be properly brought before an Annual Meeting by a Shareholder, the Shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. Timely notice is that notice which is received by the Secretary at the Corporation's principal office not less than sixty (60) days nor more than ninety (90) days prior to the date on which the Corporation first mailed its proxy materials for the prior year's Annual Meeting, provided, however, that in the event the date of the Annual Meeting is advanced by more than thirty (30) days or delayed by more than sixty (60) days from the last Thursday in May, notice by the Shareholder, to be timely, must be received, as provided above, not earlier than the ninetieth (90th) day prior to the date of such Annual Meeting and not later than the close of business on the later of (x) the sixtieth (60) day prior to such Annual Meeting, or (y) the tenth (10th) day on which public announcement of the date of such a meeting is first made. Such Shareholder's notice shall be signed by the Shareholder of record who intends to make the nomination or introduce the other business (or his or her duly authorized proxy or other representative), shall bear the date of signature of such Shareholder or representative, and shall set forth:

1. The name and address, as they appear on the Corporation's books, of such Shareholder and the beneficial owner(s), if any, on whose behalf the nomination or proposal is made;

2. The class and number of shares of the Corporation which are beneficially owned by such Shareholder or beneficial owner(s);

3. A representation that such Shareholder is a holder of record of shares entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination or introduce the other business specified in the notice;

4. In the case of any proposed nomination for election or reelection as a director:

(a) The name and residence address of the nominee;

(b) A description of all arrangements or understandings between such Shareholder or beneficial owner(s) and each nominee and any other person(s) (naming such person(s)) pursuant to which the nomination is to be made by the Shareholder;

(c) Such other information regarding each nominee proposed by such Shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including any information that would

be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors; and

(d) The written consent of each nominee to be named in a proxy statement and to serve as a director of the Corporation if so elected; and

5. In the case of any other business that such Shareholder proposes to bring before the meeting,

(a) A brief description of the business desired to be brought before the meeting, and, if the business includes a proposal to amend these Bylaws, the language of the proposed amendment;

(b) Such Shareholder's and beneficial owner's(s') reasons for conducting such business at such time; and

(c) Any material interest in such business of such Shareholder or beneficial owners(s).

Notwithstanding anything in the above paragraph to the contrary, in the event that the number of directors to be elected to the Board of Directors of this Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least seventy (70) days prior to the last Thursday in May, a Shareholder's notice required by this Section shall also be considered timely, but only with respect to nominees for new positions created by such increase, if it is received by the Secretary at the Corporation's principal office not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

2.02. SPECIAL MEETINGS. Special meetings of the Shareholders may be called by the Chairman of the Board, and shall be called by the Secretary on written request of a majority of members of the Board of Directors, or on written request of the holders of at least ten (10%) percent of the Corporation's shares entitled to vote on a matter. The request shall be signed, dated and delivered to the Secretary describing one (1) or more purposes for which the meeting is to be held. The Board of Directors shall set the place of the meeting. If no such designation is made, the place of the meeting shall be the principal business office of the Corporation in the State of Wisconsin, but any meeting may be adjourned to reconvene at any place designated by a vote of a majority of the shares represented thereat.

A. ELECTIONS AND OTHER BUSINESS. Nominations of persons for election to the Board of Directors may be made at a Special Meeting at which directors are to be elected pursuant to such notice of meeting:

1. By or at the direction of the Board of Directors; or
2. By any Shareholder of the Corporation who:
 - (a) Is a Shareholder of record at the time of giving notice of the meeting,
 - (b) Is entitled to vote at the meeting, and
 - (c) Complies with the notice procedures set forth below.

B. NOMINATIONS AND SUBMISSION OF BUSINESS MATTERS. Only such business as shall have been described in such notice shall be conducted at the Special Meeting. Any Shareholder desiring to nominate persons for election to the Board of Directors at a Special Meeting shall cause written notice to be received by the Secretary of the Corporation at its principal office not earlier than ninety (90) days prior to such Special Meeting and not later than the close of business on the later of (x) the sixtieth (60th) day prior to such Special Meeting or (y) the tenth (10th) day following the day on which public announcement is first made of the date of such Special Meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Such written notice shall be signed by the Shareholder of record who intends to make the nomination (or his or her duly authorized proxy or other representative), shall bear the date of signature of such Shareholder or other representative, and shall set forth:

1. The name and address, as they appear on the Corporation's books, of such Shareholder and the beneficial owner(s), if any, on whose behalf the nomination is made;
2. The class and number of shares of the Corporation which are beneficially owned by such Shareholder or beneficial owner(s);
3. A representation that such Shareholder is a holder of record of shares of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination specified in the notice;
4. The name and residence address of the person(s) to be nominated;
5. A description of all arrangements or understandings between such Shareholder or beneficial owner(s) and each nominee and any other person(s)

(naming such person(s)) pursuant to which the nomination is to be made by such Shareholder;

6. Such other information regarding each nominee proposed by such Shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors; and

7. The written consent of each nominee to be named in a proxy statement and to serve as a director of the Corporation if so elected.

2.03. NOTICE OF ANNUAL OR SPECIAL MEETING. Notice may be communicated by telegraph, teletype, facsimile or other form of wire or wireless communication, or by mail or private carrier, and, if these forms of personal notice are impracticable, notice may be communicated by public announcement. Such notice stating the place, day and hour of the meeting and, in case of a special meeting, a description of each purpose for which the meeting is called, shall be communicated or sent not less than ten days nor more than sixty (60) days before the date of the meeting, by or at the direction of the Chairman of the Board or the Secretary, or other officer or persons calling the meeting, to each Shareholder of record entitled to vote at such meeting. Written notice by the Corporation to its Shareholders is effective when mailed and may be addressed to the Shareholder's address shown in the Corporation's current record of Shareholders.

2.04. UNANIMOUS CONSENT WITHOUT MEETING. Any action that may be taken at a meeting of the Shareholders may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Shareholders entitled to vote with respect to the subject matter thereof.

2.05. FIXING OF RECORD DATE. A "Shareholder" of the Corporation shall mean the person in whose name shares are registered in the stock transfer books of the Corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with the Corporation. Such nominee certificates, if any, shall be reflected in the stock transfer books of the Corporation. The Board of Directors may fix, in advance, a date as the record date for one or more voting groups for any determination of Shareholders entitled to notice of a Shareholder's meeting, to demand a special meeting, to vote, or to take any other action, such date in any case to be not more than seventy (70) days prior to the meeting or action requiring such determination of Shareholders, and may fix the record date for determining Shareholder entitled to share a dividend or distribution. If no record date is fixed for the determination of Shareholders entitled to demand a Shareholder meeting, to notice of or to vote at a meeting of Shareholders, or to consent to action without a meeting, (a) the close of business on the day before the Corporation received the first written demand for a Shareholder meeting, (b) the close of business on the day before the first notice of the meeting is mailed or otherwise delivered to

Shareholders, or (c) the close of business on the day before the first written consent to Shareholder action without a meeting is received by the Corporation, as the case may be, shall be the record date for the determination of Shareholders. If no record date is fixed for the determination of Shareholders entitled to receive a share dividend or distribution (other than a distribution involving a purchase, redemption or other acquisition of the Corporation's shares), the close of business on the day on which the resolution of the Board of Directors is adopted declaring the dividend or distribution shall be the record date. When a determination of Shareholders entitled to vote at any meeting of Shareholders has been made as provided in this Section, such determination shall be applied to any adjournment thereof unless the Board of Directors fixes a new record date and except as otherwise required by law. A new record date must be set if a meeting is adjourned to a date more than one-hundred twenty (120) days after the date fixed for the original meeting.

2.06. VOTING RECORD. The Secretary shall, before each meeting of Shareholders, make a complete list of the Shareholders entitled to vote at such meeting, or any adjournment thereof, with the address of and the number of shares held by each. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Shareholder during the whole time of the meeting for the purposes of the meeting. The original stock transfer books shall be prima facie evidence as to who are the Shareholders entitled to examine such record or transfer books or to vote at any meeting of Shareholders. Failure to comply with the requirements of this Section shall not affect the validity of any action taken at such meeting.

2.07. QUORUM. Shares entitled to vote as a separate voting group as defined in the Wisconsin Business Corporation Law may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Unless the Articles of Incorporation or the Wisconsin Business Corporation Law provide otherwise, a majority of the votes entitled to be cast on the matter by a voting group constitutes a quorum of that voting group for action on that matter.

Once a share is represented for any purposes at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

If a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or the Wisconsin Business Corporation Law require a greater number of affirmative votes.

"Voting group" means any of the following:

A. All shares of one or more classes or series that under the Articles of Incorporation or the Wisconsin Business Corporation Law are entitled to vote and be counted together collectively on a matter at a meeting of Shareholders.

B. All shares that under the Articles of Incorporation or the Wisconsin Business Corporation Law are entitled to vote generally on a matter.

Though less than a quorum of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

2.08. PROXIES. At all meetings of Shareholders, a Shareholder entitled to vote may vote in person or by proxy. A Shareholder may appoint a proxy to vote or otherwise act for the Shareholder by signing an appointment form, either personally, by his or her attorney-in-fact, or in any other manner authorized by the Wisconsin Business Corporation Law. Such proxy appointment is effective when received by the Secretary or other officer or agent of the Corporation authorized to tabulate votes. Unless otherwise provided in the appointment form of proxy, a proxy appointment may be revoked at any time before it is voted, by written notice filed with the Secretary or the acting Secretary of the meeting, by oral notice given by the Shareholder to the presiding officer during the meeting, or in any other manner authorized by the Wisconsin Business Corporation Law. The presence of a Shareholder who has filed his or her proxy appointment shall not of itself constitute a revocation. No proxy appointment shall be valid after eleven months from the date of its execution, unless otherwise provided in the appointment form of proxy. The Board of Directors shall have the power and authority to make rules establishing presumptions as to the validity and sufficiency of proxy appointments.

2.09. VOTING OF SHARES. Each outstanding share shall be entitled to one vote upon each matter submitted to a vote at a meeting of Shareholders, except to the extent that the voting rights of the shares of any voting group or groups are enlarged, limited or denied by the Articles of Incorporation.

2.10. VOTING OF SHARES BY CERTAIN HOLDERS.

A. OTHER CORPORATIONS. Shares standing in the name of another corporation may be voted either in person or by proxy, by the president of such corporation or any other officer appointed by such president. An appointment form of proxy executed by any principal officer of such other corporation or assistant thereto shall be conclusive evidence of the signer's authority to act, in the absence of express notice to this Corporation, given in writing to the Secretary of this Corporation, or the designation of some other person by the Board of Directors or by the Bylaws of such other corporation.

B. LEGAL REPRESENTATIVES AND FIDUCIARIES. Shares held by an administrator, executor, guardian, conservator, trustee in bankruptcy, receiver or assignee for creditors may be voted by him or her, either in person or by proxy, without a transfer of such shares into his or her name, provided that there is filed with the Secretary before or at the time of meeting proper evidence of his or her incumbency and the number of shares held by him or her, either in person or by proxy. An appointment form of proxy executed by a fiduciary shall be conclusive evidence of the signer's authority to act, in the absence of express notice to this Corporation, given in writing to the Secretary, that such manner of voting is expressly prohibited or otherwise directed by the document creating the fiduciary relationship.

C. PLEDGEES. A Shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred; provided, however, a pledgee shall be entitled to vote shares held of record by the pledgor if the Corporation receives acceptable evidence of the pledgee's authority to sign.

D. TREASURY STOCK AND SUBSIDIARIES. Neither treasury shares, nor shares held by another corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by this Corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares entitled to vote, but shares of its own issue held by this Corporation in a fiduciary capacity, or held by such other corporation in a fiduciary capacity, may be voted and shall be counted in determining the total number of outstanding shares entitled to vote.

E. MINORS. Shares held by a minor may be voted by such minor in person or by proxy and no such vote shall be subject to disaffirmance or avoidance, unless prior to such vote the Secretary of the Corporation has received written notice or has actual knowledge that such Shareholder is a minor. Shares held by a minor may be voted by a personal representative, administrator, executor, guardian or conservator representing the minor if evidence of such fiduciary status, acceptable to the Corporation, is presented.

F. INCOMPETENTS AND SPENDTHRIFTS. Shares held by an incompetent or spendthrift may be voted by such incompetent or spendthrift in person or by proxy and no such vote shall be subject to disaffirmance or avoidance, unless prior to such vote the Secretary of the Corporation has actual knowledge that such Shareholder has been adjudicated an incompetent or spendthrift or actual knowledge of judicial proceedings for appointment of a guardian. Shares held by an incompetent or spendthrift may be voted by a personal representative, administrator, executor, guardian or conservator representing the minor if evidence of such fiduciary status, acceptable to the Corporation, is presented.

G. JOINT TENANTS. Shares registered in the names of two (2) or more individuals who are named in the registration as joint tenants may be voted in person or by proxy signed by any one (1) or more of such individuals if either (i) no other such

individual or his or her legal representative is present and claims the right to participate in the voting of such shares or prior to the vote files with the Secretary of the Corporation a contrary written voting authorization or direction or written denial of authority of the individual present or signing the appointment form of proxy proposed to be voted, or (ii) all such other individuals are deceased and the Secretary of the Corporation has no actual knowledge that the survivor has been adjudicated not to be the successor to the interests of those deceased.

2.11. CONDUCT OF MEETINGS. The Chairman of the Board, or in the Chairman's absence, the President, or, in their absence such Vice President as is designated by the Board of Directors, shall call the meeting to order and act as Chairman of the meeting. Only persons nominated in accordance with the procedures set forth in Sections 2.01 and 2.02, shall be eligible to serve as directors. Only such business as shall have been brought before a meeting in accordance with the procedures set forth in Section 2.01 and 2.02, shall be eligible to be conducted. The Chairman of the meeting shall have the power and duty to determine whether any nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in Sections 2.01 and 2.02, and, if any proposed nomination or business is not in compliance therewith, to declare that such defective proposal shall be disregarded.

2.12. PUBLIC ANNOUNCEMENT. For purposes of Sections 2.01 and 2.02, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Securities Exchange Act of 1934, as amended.

2.13. INVALIDITY. The Chairman, upon recommendation of the Secretary, may reject a vote, consent, waiver, or proxy appointment, if the Secretary or other officer or agent of the Corporation who is authorized to tabulate votes, acting in good faith, has reasonable doubt about the validity of the signature on it or about the signatory's authority to sign for the Shareholder. The Corporation and its officer or agent who accepts or rejects a vote, consent, waiver or proxy appointment in good faith and in accordance with the Wisconsin Business Corporation Law shall not be liable for damages to the Shareholders for consequences of the acceptance or rejection.

2.14. WAIVER OF NOTICE. A Shareholder may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation, or these Bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the Shareholder entitled to the notice, contain the same information that would have been required in the notice under the Wisconsin Business Corporation Law (except that the time and place of meeting need not be stated), and be delivered to the Corporation for inclusion in the corporate records. A Shareholder's attendance at any Annual Meeting or Special Meeting, in person or by proxy, waives objection to all of the following: (a) lack of notice or defective notice of the meeting, unless the Shareholder promptly upon arrival or at the beginning of the meeting objects to holding, or transacting business at, the meeting; and (b) consideration of a particular matter at

the meeting that is not within the purpose described in the meeting notice, unless the Shareholder objects to considering the matter when it is presented.

ARTICLE III. BOARD OF DIRECTORS

3.01. **NUMBER OF DIRECTORS.** Within the limits established in the Articles of Incorporation, the number of directors of the Corporation shall be such number as shall be determined by the Board of Directors from time to time.

3.02. **TERM OF OFFICE.** Elected directors shall hold office for a term of three (3) years and until their successors are elected and qualified, except as otherwise provided in this Section or until their death, resignation or removal. The Board of Directors shall be divided into three (3) classes of three (3) or more directors each, with, as nearly as possible, an equal number of directors in each class. The term of office of the first class of directors shall expire at the first annual meeting after their initial election and when their successors are elected and qualified, the term of office of the second class shall expire at the second annual meeting after their initial election and when their successors are elected and qualified, and the terms of office of the third class shall expire at the third annual meeting after their initial election and when their successors are elected and qualified. At each annual meeting after the initial classification of the Board of Directors, the class of directors whose term expires at the time of such election shall be elected to hold office until the third succeeding annual meeting and until their successors are elected and qualified.

3.03. **NOMINATIONS.** Nominations for the election of directors shall be made in accordance with the provisions of Sections 2.01 and 2.02 hereof, which requirements are hereby incorporated by reference in this Section 3.03.

3.04. **REGULAR MEETINGS.** A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the Annual Meeting of Shareholders, for election of corporate officers and transaction of other business. The Board of Directors may provide by resolution the time and place for holding additional meetings without other notice than such resolution.

3.05. **SPECIAL MEETINGS.** Special Meetings of the Board of Directors shall be held whenever called by the Chairman of the Board or the Secretary upon written request of any three (3) directors. The Secretary shall give sufficient notice of such meeting, to be not less than two (2) days, in person or by mail or by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication as to enable the directors so notified to attend such meeting. The Chairman or Secretary who calls the meeting may fix any place, within or without the State of Wisconsin, as the place for holding any Special Meeting of the Board of Directors.

3.06. **WAIVER OF NOTICE.** Whenever any notice whatsoever is required to be given to any director of the Corporation under the Articles of Incorporation or Bylaws or any provisions of law, a waiver thereof in writing, signed at any time, whether before or after the time

of meeting, by the director entitled to such notice, shall be deemed equivalent to the giving of such notice, and the Corporation shall retain copies of such waivers in its corporate records. A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.07. QUORUM. Except as otherwise provided by the Wisconsin Business Corporation Law, a majority of the number of directors (determined as provided in Section 3.01) shall constitute a quorum of the Board of Directors. Except as otherwise provided by the Wisconsin Business Corporation Law, a majority of the number of directors appointed to service on a committee shall constitute a quorum of the committee.

3.08. VACANCIES. Vacancies, including those created by an increase in the number of directors in the Board of Directors, may be filled by the remaining directors. A director elected to fill a vacancy shall serve for the unexpired term of his or her predecessor. In the absence of action by the remaining directors, the Shareholders may fill such vacancy at a Special Meeting in accordance with the Articles of Incorporation, or by unanimous consent according to these Bylaws.

3.09. REMOVAL. The Shareholders may remove one (1) or more directors, with or without cause, at a meeting called for that purpose, the notice of which reflects that purpose, in accordance with the Articles of Incorporation of this Corporation.

3.10. COMPENSATION. A director may receive such compensation for services as is determined by resolution of the Board irrespective of any personal interest of its members. A director also may serve the Corporation in any other capacity and receive compensation therefore. The Board of Directors also shall have authority to provide for or to delegate authority to an appropriate committee to provide for reasonable pensions, disability or death benefits and other benefits or payments, to directors, officers and employees and to their estates, families, dependents or beneficiaries on account of prior services rendered to the Corporation by such directors, officers and employees.

3.11. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors, subject to any limitation set forth in these Bylaws or the Articles of Incorporation.

3.12. CONDUCT OF MEETINGS. The Chairman of the Board, or in the Chairman's absence the President, or in their absence such Vice President as is designated by the Board of Directors, shall call meetings of the Board of Directors to order and shall act as Chairman of the meeting. The Secretary of the Corporation shall act as Secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint an Assistant

Secretary or any director or other person present or participating to act as Secretary of the meeting.

3.13. MANNER OF ACTING. If a quorum is present or participating when a vote is taken, the affirmative vote of a majority of directors present or participating is the act of the Board of Directors or a committee of the Board of Directors, unless the Wisconsin Business Corporation Law or the Articles of Incorporation or these Bylaws require the vote of a greater number of directors.

3.14. PRESUMPTION OF ASSENT. A director of the Corporation who is present at or participates in a meeting of the Board of Directors or a committee thereof which he or she is a member, at which action on any corporate matter is taken, shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3.15. UNANIMOUS CONSENT WITHOUT MEETING. Any action required or permitted by the Articles of Incorporation or Bylaws or any provision of law to be taken by the Board of Directors at a meeting or by resolution may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors then in office.

3.16. MEETING BY TELEPHONE OR BY OTHER COMMUNICATION TECHNOLOGY. Meetings of the Board of Directors or committees may be conducted by telephone or by other communication technology in accordance with Section 180.0820 of the Wisconsin Business Corporation Law.

3.17. COMMITTEES.

A. REGULAR COMMITTEES.

1. GENERAL DESCRIPTION. In order to facilitate the work of the Board of Directors of this Corporation, the following regular committees shall be elected from the membership of the Board of Directors at the regular meeting held in May of each year (or at such other time as the Board of Directors may determine):

Executive Committee
Finance Committee
Compensation Committee
Audit Committee

Each committee shall consist of such number of members, not less than three (3), as shall be determined by the Board of Directors. The Chairman of the Board of Directors, and in the Chairman's absence the President, and in their

absence, such Vice President as is designated by the Board of Directors, shall submit nominations for such committee memberships. Committee members shall hold office until the next board meeting at which committee elections are conducted in accordance with these Bylaws, and until their successors are elected and qualified. Each Regular Committee of the Board of Directors may exercise the authority of the full Board within the scope of the duties and powers delegated to it in these Bylaws, except that no committee of this Board shall do any of the following:

- (a) Authorize distributions;
- (b) Approve or propose to Shareholders action that the Wisconsin Business Corporation Law requires to be approved by Shareholders;
- (c) Fill vacancies on the Board of Directors or, except as provided herein, on any of its committees;
- (d) Amend the Articles of Incorporation;
- (e) Adopt, amend or repeal the Bylaws;
- (f) Approve a plan of merger not requiring Shareholder approval;
- (g) Authorize or approve reacquisition of shares, except according to a formula or method prescribed by the full Board; or
- (h) Authorize or approve the issuance or sale or contract for sale of shares or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee or a senior executive officer of the Corporation to do so within limits prescribed by the Board of Directors.

2. THE EXECUTIVE COMMITTEE. When the Board of Directors is not in session, the Executive Committee shall have and may exercise all of the powers and authority of the full Board in the management of the business and affairs of the Corporation to the extent allowed by the Wisconsin Business Corporation Law.

3. THE FINANCE COMMITTEE. When the Board of Directors is not in session, the Finance Committee shall have and may exercise all of the powers of the full Board of Directors solely with regard to those matters which are within the scope of the Finance Committee's designated duties, as provided

herein. The Chairman of the Board of Directors shall be a member of the Finance Committee.

The Finance Committee shall:

- (a) Review and approve the Corporation's investment policies and guidelines;
- (b) Monitor performance of the Corporation's investment portfolio;
- (c) Consult with management regarding material transactions involving real estate, accounts receivable and other assets;
- (d) Monitor the amount and types of all insurance that should be carried by this Corporation;
- (e) Monitor the Corporation's relationship with its lenders and its compliance with financing agreements including debt covenants;
- (f) Consult with management concerning the capital structure of the Corporation;
- (g) Monitor investment options and performance offered in the Corporation's retirement plan; and
- (h) Carry out such special assignments as the Board of Directors may, from time to time, give to the Finance Committee.

4. THE COMPENSATION COMMITTEE. When the Board of Directors is not in session, the Compensation Committee shall have and may exercise all of the powers of the full Board solely with regard to those matters which are within the scope of the Compensation Committee's designated duties, as provided herein.

The Compensation Committee shall:

- (a) Evaluate the performance of the Chief Executive Officer and other executive officers against objectives;
- (b) Review and approve the compensation (including salary, bonus, stock options and other appropriate equity or long-term incentives, and any severance benefits) of the Chairman of the Board, the Chief Executive Officer and other executive officers;

(c) Administer compensation plans for executive officers and directors; and

(d) Review, on a general policy level basis, the compensation and benefits of officers, managers and employees for appropriateness;

(e) Act as the Nominating Committee for directors and make recommendations to the Board of Directors for types, methods and levels of directors' compensation;

(f) Administer the Corporation's equity incentive plan or any other equity-based plans, including the review and approval of all grants hereunder; and

(g) Carry out such special assignments as the Board of Directors may, from time to time, give to the Compensation Committee.

5. **THE AUDIT COMMITTEE.** The Audit Committee shall have and may exercise all of the powers of the full Board of Directors solely with regard to those matters which are within the scope of the Audit Committee's designated duties, as provided herein.

The Audit Committee shall:

(a) Select and engage the independent certified public accountants to audit the financial statements of the Corporation and its subsidiaries;

(b) Meet with the independent auditors and financial management of the Corporation to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof, review such audit including any comments or recommendations of the independent auditors;

(c) Review the internal audit function of the Corporation including the independence and authority of its reporting obligations, the proposed audit plans for the coming year, the coordination of such plans with the independent auditors, and summaries of findings of completed audits;

(d) Review with the independent accountants and management the financial statements to determine that the independent auditors are satisfied with the disclosure and content of the financial statements;

(e) Review with the independent auditors, the Corporation's internal auditor, and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Corporation;

(f) Provide sufficient opportunity for the internal and independent auditors to meet with the members of the Audit Committee without members of management present;

(g) Review related party transactions and conflict of interest statements for appropriateness;

(h) Carry out such special assignments as the Board of Directors may, from time to time, give to the Audit Committee.

B. SPECIAL COMMITTEES. In addition to the foregoing Regular Committees, the Board of Directors may, from time to time, establish Special Committees and specify the composition, functions and authority of any such Special Committee.

C. VACANCIES; TEMPORARY APPOINTMENTS. When, for any cause, a vacancy occurs in any Regular Committee, the remaining committee members, by majority vote, may fill such vacancy by a temporary appointment of a director on the Board of Directors not on the subject committee to fill the vacancy until the next Board Meeting at which time the full Board of Directors shall fill the vacancy.

D. ALTERNATE COMMITTEE MEMBERS. All members of the Board of Directors who are not members of a given committee shall be alternate members of such committee and may take the place of any absent member or members at any meeting of such committee, upon request by the Chairman of the Board of Directors, if there is one, the President or upon request by the chairman of such meeting.

E. COMMITTEE MINUTES AND REPORTS. All of the foregoing committees shall keep minutes and records of all of their meetings and activities and shall report the same to the Board of Directors at its next regular meeting. Such minutes and records shall be available for inspection by the directors at all times.

ARTICLE IV. OFFICERS

4.01. GENERALLY. The principal officers of the Corporation shall be a Chairman of the Board (Chief Executive Officer), a President, one (1) or more Vice Presidents designated as executive officers, a Chief Financial Officer, a Secretary, and a Treasurer. The Board of Directors shall elect the principal officers annually at the Annual Meeting. All such officers shall hold office for a period of one (1) year and until their successors are duly elected and qualified, or until their prior death, resignation or removal. Additionally, one or more Vice Presidents not

designated as executive officers may be appointed by the President to serve at the will of the President.

4.02. **REMOVAL.** Any officer or agent may be removed by the Board of Directors with or without cause whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

4.03. **VACANCIES.** A vacancy in any principal office because of death, resignation, removal, or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term. The Board of Directors may, from time to time, omit to elect one (1) or more officers, or may omit to fill a vacancy, and in such case, the designated duties of such officer, unless otherwise provided in these Bylaws, shall be discharged by the Chairman of the Board or such other officers as he or she may designate.

4.04. **CHAIRMAN OF THE BOARD.** The Chairman of the Board, who shall also be the Chief Executive Officer, shall preside at all meetings of the Shareholders and of the directors and shall do and perform such other duties as from time to time may be assigned to that office by the Board of Directors.

4.05. **PRESIDENT.** The President shall have general supervision of the business and affairs of the Corporation. The President may sign and execute all authorized bonds, notes, checks, contracts, or other obligations in the name of the Corporation. The President shall perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

4.06. **VICE PRESIDENTS.** Should the Chairman of the Board or the President be absent or unable to act, the Board of Directors shall designate a Vice President or other officer to discharge the duties of the vacant office with the same power and authority as is vested in that office. The Vice Presidents shall perform such other duties as from time to time may be assigned to them by the President or the Board of Directors. Vice Presidents appointed by the President shall perform such duties as may be assigned to them from time to time by the President or these Bylaws and shall serve at the will of the President and may be removed by the President at any time without action of the Board of Directors.

4.07. **SECRETARY.** The Secretary shall keep a record of the minutes of the meetings of the Shareholders, the Board of Directors and any committees of the Board of Directors. He or she shall countersign all instruments and documents executed by the Corporation; affix to instruments and documents the seal of the Corporation; keep in books therefore the transactions of the Corporation; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; and perform such other duties as usually are incident to such office or as may be assigned by the Chairman of the Board, the President or the Board of Directors.

4.08. **CHIEF FINANCIAL OFFICER.** The Chief Financial Officer shall have overall charge of all of the financial affairs of the Corporation, including charge and custody of and

responsibility for the Corporation's books of account. The Chief Financial Officer shall perform such duties as usually are incident to such office or as may be assigned by the Chairman of the Board, the President or the Board of Directors.

4.09. **TREASURER.** The Treasurer, subject to the control of the Board of Directors, shall collect, receive, and safely keep all monies, funds and securities of the Corporation, and attend to all its pecuniary affairs, and perform such other duties as usually are incident to such office or as may be assigned by the Chairman of the Board, the President, the Chief Financial Officer or the Board of Directors.

4.10. **ASSISTANTS AND ACTING OFFICERS.** The Chairman of the Board, the President and the Board of Directors shall each have the power to appoint any person to act as assistant to any officer, or as agent for the Corporation in the officer's stead, or to perform the duties of such officer whenever for any reason it is impracticable for the officer to act personally, and the assistant or acting officer or other agent so appointed by the Chairman of the Board, the President or the Board of Directors shall have the power to perform all the duties of the office to which he or she is so appointed to be assistant, or as to which he or she is so appointed to act, except as such power otherwise may be defined or restricted by the Chairman of the Board, the President or the Board of Directors. Any person appointed to act as assistant to any officer, or as agent for the Corporation in the officer's stead, or to perform the duties of such officer whenever for any reason it is impracticable for the officer to act personally, shall serve at the will of the President and may be removed at any time by the President without action of the Board of Directors.

ARTICLE V. FUNDS OF THE CORPORATION

5.01. **FUNDS.** All funds of the Corporation shall be deposited or invested in such depositories or in such securities as may be authorized from time to time by the Board of Directors or appropriate committee under authorization of the Board of Directors.

5.02. **NAME.** All investments and deposits of funds of the Corporation shall be made and held in its corporate name, except that securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of such bank or banking and trust company and except that securities may be acquired and held in bearer form.

5.03. **LOANS.** All loans contracted on behalf of the Corporation and all evidences of indebtedness that are issued in the name of the Corporation shall be under the authority of a resolution of the Board of Directors. Such authorization may be general or specific.

5.04. **CONTRACTS.** The Board of Directors may authorize one (1) or more officers, or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authorization may be general or specific. In the absence of other designation, all deeds, mortgages and instruments of assignment or pledge made by the

Corporation shall be executed in the name of the Corporation by the Chairman of the Board, the President or one of the Vice Presidents and by the Secretary or Treasurer; the Secretary, when necessary or required, shall affix the corporate seal thereto; and when so executed no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing officer or officers.

5.05. DISBURSEMENTS. All monies of the Corporation shall be disbursed by check, draft, or written order only, and all checks and orders for the payment of money shall be signed by such officer or officers as may be designated by the Board of Directors. The officers and employees of the Corporation handling funds and securities of the Corporation shall give surety bonds in such sums as the Board of Directors or appropriate committee may require.

5.06. PROHIBITED TRANSACTIONS. No directors or officer of the Corporation shall borrow money from the Corporation, or receive any compensation for selling, aiding in the sale, or negotiating for the sale of any property belonging to the Corporation, or for negotiating any loan for or by the Corporation.

5.07. VOTING OF SECURITIES OWNED BY THIS CORPORATION. Subject always to the specific directions of the Board of Directors:

A. Any shares or other securities issued by any other corporation and owned or controlled by this Corporation may be voted at any meeting of security holders of such other corporation by the Chairman of the Board, the President or in their absence any Vice President of this Corporation who may be present and designated by the Board of Directors; and

B. Whenever, in the judgment of the Chairman of the Board, the President, or in their absence, a designated Vice President, it is desirable for this Corporation to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by this Corporation, such proxy or consent shall be executed in the name of this Corporation by the Chairman of the Board, the President, or a designated Vice President of this Corporation in the order as provided in Subsection A, without necessity of any authorization by the Board of Directors, affixation of corporate seal or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this Corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by this Corporation the same as such shares or other securities might be voted by this Corporation.

ARTICLE VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER

6.01. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form, consistent with law, as shall be determined by the Board of Directors. Such Certificates shall be signed by the Chairman of the Board, the President, or a

Vice President, and the Secretary, or by another officer designated by the Chairman of the Board, the President or the Board of Directors. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except as provided in Section 6.06.

6.02. FACSIMILE SIGNATURES AND SEAL. The seal of the Corporation on any certificates for shares may be a facsimile. The signature of the Chairman of the Board, the President or other authorized officer upon a certificate may be a facsimile if the certificate is manually signed on behalf of a transfer agent, or a registrar, other than the Corporation itself or an employee of the Corporation.

6.03. SIGNATURE BY FORMER OFFICER. In case any officer who has signed or whose facsimile signature has been placed upon any certificate for shares shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer at the date of its issue.

6.04. TRANSFER OF SHARES. Prior to due presentment of a certificate for shares for registration of transfer, the Corporation may treat the Shareholder of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to have and exercise all the rights and powers of an owner. Where a certificate for shares is presented to the Corporation with a request to register for transfer, the Corporation shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if:

- A. There were on or with the certificate the necessary endorsements; and
- B. The Corporation had no duty to inquire into adverse claims or has discharged any such duty.

The Corporation may require reasonable assurance that said endorsements are genuine and effective and in compliance with such other regulations as may be prescribed by or under the authority of the Board of Directors:

6.05. RESTRICTIONS ON TRANSFER. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction imposed by the Corporation upon the transfer of such shares.

6.06. LOST, DESTROYED OR STOLEN CERTIFICATES. Where the owner claims that his or her certificate for shares has been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner:

A. So requests before the Corporation has notice that such shares have been acquired by a bona fide purchaser;

B. If required by the Corporation, files with the Corporation a sufficient indemnity bond; and

C. Satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

6.07. **CONSIDERATION FOR SHARES.** The shares of the Corporation may be issued for such consideration as shall be fixed from time to time by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration to be received for shares may consist of any tangible or intangible property or benefit to the Corporation, including cash, promissory notes, services performed, contracts for services to be performed or other securities of the Corporation. When the Corporation receives the consideration for which the Board of Directors authorized the issuance of shares, the shares issued for that consideration are fully paid and nonassessable, except as provided by Section 180.0622 of the Wisconsin Business Corporation Law which may require further assessment for unpaid wages to employees under certain circumstances. The Corporation may place in escrow shares issued for a contract for future services or benefits or a promissory note, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed, the benefits are received or the note is paid. If the services are not performed, the benefits are not received or the note is not paid, the Corporation may cancel, in whole or in part, the shares escrowed or restricted and the distributions credited.

6.08. **UNCERTIFICATED SHARES.** In accordance with Section 180.0626 of the Wisconsin Business Corporation Law, the Board of Directors may issue any shares of any of its classes or series without certificates. The authorization does not affect shares already represented by certificates until the certificates are surrendered to the Corporation. Within a reasonable time after the issuance or transfer of shares without certificates, the Corporation shall send the Shareholder a written statement of the information required on share certificates by Sections 180.0625 and 180.0627, if applicable, of the Wisconsin Business Corporation Law, and by the Bylaws of the Corporation.

The Corporation shall maintain at its offices, or at the office of its transfer agent, an original or duplicate stock transfer book containing the names and addresses of all Shareholders and the number of shares held by each Shareholder. If the shares are uncertificated, the Corporation shall be entitled to recognize the exclusive right of a person registered on its books as such, as the owner of shares for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Wisconsin.

6.09. TRANSFER AGENT AND REGISTRAR. The Corporation may maintain one (1) or more transfer offices or agencies, each in charge of a transfer agent designated by the Board of Directors, where the shares of stock of the Corporation shall be transferable. The Corporation also may maintain one (1) or more registry offices, each in charge of a registrar designated by the Board of Directors, where such shares of stock shall be registered. The same person or entity may be both a transfer agent and registrar.

6.10. STOCK REGULATIONS. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with the laws of the State of Wisconsin as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the Corporation.

ARTICLE VII. INDEMNIFICATION

7.01. INDEMNIFICATION FOR SPECIAL DEFENSE. Within twenty (20) days after receipt of a written request pursuant to Section 7.03, the Corporation shall indemnify a director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he or she is a director or officer of the Corporation.

7.02. OTHER INDEMNIFICATION.

A. In cases not included under Section 7.01, the Corporation shall indemnify a director or officer against all liabilities and expenses incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is a director or officer of the Corporation, unless liability was incurred because the director or officer breached or failed to perform a duty he or she owes to the Corporation and the breach or failure to perform constitutes any of the following:

1. A willful failure to deal fairly with the Corporation or its Shareholders in connection with a matter in which the director or officer has a material conflict of interest.

2. A violation of criminal law, unless the director or officer had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful.

3. A transaction from which the director or officer derived an improper personal profit.

4. Willful conduct.

B. Determination of whether indemnification is required under the Section shall be made pursuant to Section 7.05.

C. The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this Section.

7.03. WRITTEN REQUEST. A director or officer who seeks indemnification under Section 7.01 or 7.02 shall make a written request to the Corporation.

7.04. NONDUPLICATION. The Corporation shall not indemnify a director or officer under Sections 7.01 or 7.02 to the extent the director or officer has previously received indemnification or allowances of expenses from any person, including the Corporation, in connection with the same proceeding. However, the director or officer has no duty to look to any other person for indemnification.

7.05. DETERMINATION OF RIGHT TO INDEMNIFICATION.

A. Unless otherwise provided by the Articles of Incorporation or by written agreement between the director or officer and the Corporation, the director or officer seeking indemnification under Section 7.02 shall select one (1) of the following means for determining his or her right to indemnification:

1. By a majority vote of a quorum of the Board of Directors consisting of directors not at the time parties to the same or related proceedings. If a quorum of disinterested directors cannot be obtained, by majority vote of a committee duly appointed by the Board of Directors and consisting of two (2) or more directors who are not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

2. By independent legal counsel selected by a quorum of the Board of Directors or its committee in the manner prescribed in 1 of Subsection A, if unable to obtain such a quorum or committee, by a majority vote of the full Board of Directors, including directors who are parties to the same or related proceedings.

3. By a panel of three (3) arbitrators consisting of one (1) arbitrator selected by those directors entitled under 2 of Subsection A to select independent legal counsel, one (1) arbitrator selected by the director or officer seeking indemnification and one (1) arbitrator selected by two (2) arbitrators previously selected.

4. By an affirmative vote of shares represented at a meeting of Shareholders at which a quorum of the voting group entitled to vote thereon is present. Shares owned by, or voted under the control of, persons who are at the

time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the determination.

5. By a court under Section 7.08.

6. By any other method provided for in any additional right to indemnification permitted under Section 7.07.

B. In any determination under Subsection A, the burden of proof is on the Corporation to prove by clear and convincing evidence that indemnification under Section 7.02 should not be allowed.

C. A written determination as to a director's or officer's indemnification under Section 7.02 shall be submitted to both the Corporation and the director or officer within sixty (60) days of the selection made under Subsection A.

D. If it is determined that indemnification is required under Section 7.02, the Corporation shall pay all liabilities and expenses not prohibited by Section 7.04 within ten (10) days after receipt of the written determination under Subsection C. The Corporation shall also pay all expenses incurred by the director or officer in the determination of process under Subsection A.

7.06. ADVANCE OF EXPENSES. Within ten (10) days after receipt of a written request by a director or officer who is a party to a proceeding, the Corporation shall pay or reimburse his or her reasonable expenses incurred if the director or officer provides the Corporation with all of the following:

A. A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the Corporation.

B. A written undertaking, executed personally or on his or her behalf, to repay the allowance to the extent that it is ultimately determined under Section 7.05 that indemnification under Section 7.02 is not required and that indemnification is not ordered by a court under Section 7.08(B)(2). The undertaking under this subsection shall be an unlimited general obligation of the director or officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

7.07. NONEXCLUSIVITY.

A. Except as provided in Subsection B, Sections 7.01, 7.02 and 7.06 do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under any of the following:

1. The Articles of Incorporation.
2. A written agreement between the director or officer and the Corporation.
3. A resolution of the Board of Directors.
4. A resolution, after notice, adopted by a majority vote of all of the Corporation's voting shares then issued and outstanding.

B. Regardless of the existence of an additional right under Subsection A, the Corporation shall not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses unless it is determined by or on behalf of the Corporation that the director or officer did not breach or fail to perform a duty he or she owes to the Corporation which constitutes conduct under Section 7.02(A)(1), (2), (3) or (4). A director or officer who is a party to the same or related proceeding for which indemnification or an allowance of expenses is sought may not participate in a determination under this subsection.

C. Sections 7.01 to 7.13 do not affect the Corporation's power to pay or reimburse expenses incurred by a director or officer in any of the following circumstances.

1. As a witness in a proceeding to which he or she is not a party.
2. As a plaintiff or petitioner in a proceeding because he or she is or was an employee, agent, director or officer of the Corporation.

7.08 COURT-ORDERED INDEMNIFICATION.

A. Except as provided otherwise by written agreement between the director or officer and the Corporation, a director or officer who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. Application shall be made for an initial determination by the court under Section 7.05(a)(5) or for review by the court of an adverse determination under Section 7.05(A)(1), (2), (3), (4), or (6). After receipt of an application, the court shall give any notice it considers necessary.

B. The court shall order indemnification if it determines any of the following:

1. That the director or officer is entitled to indemnification under Sections 7.01 or 7.02.

2. That the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, regardless of whether indemnification is required under Section 7.02.

C. If the court determines under Subsection B that the director or officer is entitled to indemnification, the Corporation shall pay the director's or officer's expenses incurred to obtain the court-ordered indemnification.

7.09. INDEMNIFICATION AND ALLOWANCE OF EXPENSES OF EMPLOYEES AND AGENTS. The Corporation shall indemnify an employee of the Corporation who is not a director or officer of the Corporation, to the extent that he or she has been successful on the merits or otherwise in defense of a proceeding, for all reasonable expenses incurred in the proceeding if the employee was a party because he or she was an employee of the Corporation. In addition, the Corporation may indemnify and allow reasonable expenses of an employee or agent who is not a director or officer of the Corporation to the extent provided by (i) the Articles of Incorporation, (ii) these Bylaws, (iii) general or specific action of the Board of Directors, or (iv) by contract; provided however, that the Corporation may not provide such indemnification to the extent prohibited by law.

7.10. INSURANCE. The Corporation may purchase and maintain insurance on behalf of an individual who is an employee, agent, director or officer of the Corporation against liability asserted against or incurred by the individual in his or her capacity as an employee, agent, director or officer, regardless of whether the Corporation is required or authorized to indemnify or allow expenses to the individual against the same liability.

7.11. SECURITIES LAW CLAIMS.

A. Pursuant to the public policy of the State of Wisconsin, the Corporation shall provide indemnification and allowance of expenses and may insure for any liability incurred in connection with a proceeding involving securities regulation described under Subsection B to the extent required or permitted under Sections 7.01 to 7.10.

B. Sections 7.01 to 7.10 apply, to the extent applicable to any other proceeding, to any proceeding involving federal or state statute, rule or regulation regulating the offer, sale or purchase of securities, securities brokers or dealers, or investment companies or investment advisers.

7.12. LIBERAL CONSTRUCTION. In order for the Corporation to obtain and retain qualified directors, officers and employees, the foregoing provisions shall be liberally administered in order to afford maximum indemnification of directors, officers and, where Section 7.09 of these Bylaws applies, employees. The indemnification above provided for shall be granted in all applicable cases unless to do so would clearly contravene law, controlling precedent or public policy.

7.13. DEFINITIONS APPLICABLE TO THIS ARTICLE. For purposes of the Article:

A. "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Corporation.

B. "Corporation" means this Corporation and any domestic or foreign predecessor of this Corporation where the predecessor corporation's existence ceased upon the consummation of a merger or other transaction.

C. "Director or Officer" means any of the following:

1. An individual who is or was a director or officer of this Corporation.

2. An individual who, while a director or officer of this Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.

3. An individual who, while a director or officer of this Corporation, is or was serving an employee benefit plan because his or her duties to the Corporation also impose duties on, or otherwise involve service by, the person to the plan or to participants in or beneficiaries of the plan.

4. Unless the context requires otherwise, the estate or personal representative of a director or officer.

For purposes of this Article, it shall be conclusively presumed that any director or officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an Affiliate shall be so serving at the request of the Corporation.

D. "Expenses" include fees, costs, charges, disbursements, attorney fees and other expenses incurred in connection with a proceeding.

E. "Liability" includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including an excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

F. "Party" includes an individual who was or it, or who is threatened to be made, a named defendant or respondent in a proceeding.

G. "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the Corporation or by any other person.

ARTICLE VIII. CORPORATE DIVIDENDS

The Board of Directors may from time to time declare dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE IX. CORPORATE SEAL

The Board of Directors may provide a corporate seal which may be circular in form and may have inscribed thereon the name of the Corporation and the state of incorporation and the words "Corporate Seal."

ARTICLE X. FISCAL YEAR

The fiscal year shall be set by the Board of Directors.

ARTICLE XI. AMENDMENTS

11.01. **BY SHAREHOLDERS.** These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Shareholders by affirmative vote of not less than a majority of the shares present or represented at an annual or special meeting of the Shareholders at which a quorum is in attendance.

11.02. **BY DIRECTORS.** These Bylaws may also be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors by affirmative vote of a majority of the number of directors present at or participating in any meeting at which a quorum is in attendance; but no bylaw adopted by the Shareholders shall be amended or repealed by the Board of Directors if the bylaw so adopted so provides.

11.03. **IMPLIED AMENDMENTS.** Any action taken or authorized by the Shareholders or by the Board of Directors, which would be inconsistent with the Bylaws then in effect but is taken or authorized by affirmative vote of not less than the number of shares or the number of directors required to amend the Bylaws so that the Bylaws would be consistent with such action, shall be given the same effect as though the Bylaws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.



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ARTICLES OF INCORPORATION
OF
AMERICAN MEDICAL SECURITY OF GREEN BAY, INC.

These Articles of Incorporation are executed by the undersigned for the purpose of forming a Delaware corporation under the General Corporation Law of Delaware.

ARTICLE I

Name

The name of the corporation is American Medical Security of Green Bay, Inc.

ARTICLE II

Existence

The period of existence of the corporation shall be perpetual.

ARTICLE III

Purpose

The corporation is authorized to engage in any lawful activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

Number of Shares

The aggregate number of shares which the corporation shall have authority to issue is Ten Thousand (10,000) shares of stock consisting of one class only, designated as "common stock" have a par value of One Cent (\$.01) each.

ARTICLE V

Registered Office

The registered office of the corporation in the state of Delaware is located at 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801, and the name of its initial registered agent at such address is The Corporation Trust Company.

ARTICLE VI

Directors

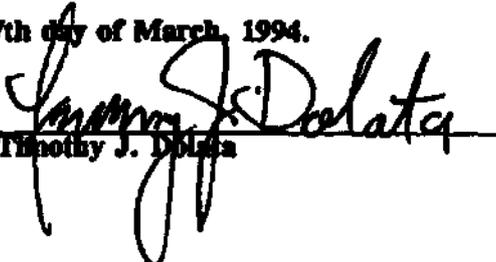
The number of directors constituting the initial Board of Directors of the corporation shall be as provided in the By-laws of the corporation. The number of directors of the corporation may, however, be changed from time to time by the By-laws of the corporation, but in no case shall be less than one (1).

ARTICLE VI

Incorporator

The name and address of the incorporator is Timothy J Dolata, 3100 AMS Boulevard Green Bay, WI 54313.

Executed in duplicate this 7th day of March, 1994.


Timothy J. Dolata

This instrument was drafted by
Jule Ann Dubey
3100 AMS Boulevard
Green Bay, WI 54313
1-800-232-5432 Ext. 3064

State of Delaware
Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "AMERICAN MEDICAL SECURITY OF GREEN BAY, INC.", CHANGING ITS NAME FROM "AMERICAN MEDICAL SECURITY OF GREEN BAY, INC." TO "AMERICAN MEDICAL SECURITY, INC.", FILED IN THIS OFFICE ON THE TWENTY-NINTH DAY OF DECEMBER, A.D. 1994, AT 10:01 O'CLOCK A.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.



Edward J. Freel, Secretary of State

2386314 8100

944259053

AUTHENTICATION:

7358174

DATE:

12-29-94

CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION

AMERICAN MEDICAL SECURITY OF GREEN BAY, INC., a corporation duly organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

FIRST, That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the Board, adopted a Resolution on the 20th day of December, 1994 proposing and declaring advisable the following Amendment to the Certificate of Incorporation of said corporation:

RESOLVED: That the Certificate of Incorporation of the corporation be amended by changing the Article thereof numbered "I" (One), to be effective as of January 1, 1995, so that as amended said Article shall be and read as follows:

ARTICLE I:
CORPORATE NAME

The name of the Corporation is American Medical Security, Inc.

SECOND, That in lieu of a meeting and a vote of Stockholders, the Stockholders have given written consent to said Amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware, and said written consent was filed with the Corporation.

THIRD, That the aforesaid Amendment was duly adopted in accordance with the applicable provisions of Section 242 and 228 of Title 8 of the Delaware Code of 1953 and amendments thereto.

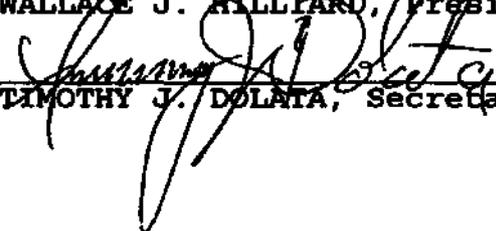
FOURTH, That the capital of said Corporation will not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, American Medical Security, Inc., Inc. has caused this Certificate to be signed by Wallace J. Hilliard, its President and Timothy J. Dolata, its Secretary, this 20th day of December, 1994.

AMERICAN MEDICAL SECURITY OF GREEN BAY, INC.,



WALLACE J. HILLIARD, President



TIMOTHY J. DOLATA, Secretary



J



**AMENDED AND RESTATED
BYLAWS OF
AMERICAN MEDICAL SECURITY, INC.**

As of
June 18, 1997

ARTICLE I. IDENTIFICATION

1.01. NAME. The Corporation's name is American Medical Security, Inc. (the "Corporation").

1.02. PRINCIPAL AND BUSINESS OFFICES. The Corporation may have such principal and other business offices, either in or outside the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

1.03. REGISTERED AGENT. Pursuant to the registered agent requirements of the General Corporation Law of Delaware, the Corporation shall have a registered agent. The registered agent may be changed from time to time by the Board of Directors or by the registered agent.

1.04. REGISTERED OFFICE. The registered office of the Corporation required by the General Corporation Law of Delaware to be maintained in the State of Delaware, may, but need not, be the same as any of its places of business, and the address of the registered office may be changed from time to time by the Board of Directors or by the registered agent.

ARTICLE II. SHAREHOLDERS

2.01. PLACE OF MEETING. All meetings of the Shareholders of the Corporation shall be held at such times and at such place within or without the State of Delaware as shall be determined by the Board of Directors. If no determination is made, or if a special meeting is otherwise called, the place of the meeting shall be the principal office of the Corporation in the city of Green Bay.

2.02. ANNUAL MEETING. Commencing in the calendar year 1995, an annual meeting of the Shareholders of the Corporation shall be held each year during the second week of May of each year, or on such other date or time as shall be designated from time to time by the Board of Directors. At such meeting, Shareholders shall elect Directors, receive annual reports, and transact such other business as may be properly brought before the meeting.

2.03. SPECIAL MEETING. Special meetings of the Shareholders for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, the Board of Directors, the Chairman of the Board, or the Vice Chairman upon the Corporation's receipt

of one or more written demands for a special meeting, describing one or more purposes for which it is to be held, signed, dated and delivered by the holders of at least one-third (1/3) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting. Only business within the purpose described in the special meeting notice may be conducted at a special Shareholder's meeting.

2.04. CONDUCT OF MEETINGS. The President, and in his absence, an Executive Vice President, and in his absence, a Senior Vice President, and in their absence, any person chosen by the Shareholders present shall call the meeting of the Shareholders to order and shall act as chairman of the meeting, and the Secretary of the Corporation shall act as secretary of all meetings of the Shareholders, but, in the absence of the Secretary, the presiding Officer may appoint any other person to act as secretary of the meeting.

2.05. ACTION WITHOUT MEETING. Any action required by statute to be taken at a meeting of the Shareholders, or any action which may be taken at a meeting of the Shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Shareholders entitled to vote with respect to the subject matter thereof and such consent shall have the same force and effect as a unanimous vote of the Shareholders. Any such signed consent, or a signed copy thereof, shall be placed in the minute book of the Corporation.

2.06. NOTICE OF MEETING. Unless otherwise prescribed by statute or the Articles of Incorporation or these Bylaws, written or printed notice stating the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, to each Shareholder of record entitled to vote at such meeting, except that, if the authorized shares are to be increased, at least thirty (30) days notice shall be given. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, and addressed to the Shareholder at his or her address as it appears on the records of the Corporation.

2.07. WAIVER OF NOTICE BY SHAREHOLDERS. A Shareholder may waive any notice required by the General Corporation Law of Delaware, the Articles of Incorporation or Bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the Shareholder entitled to the notice, contain the same information that would have been required in the notice under any applicable provisions of the General Corporation Law of Delaware, except that the time and place of meeting need not be stated, and be delivered to the Corporation for inclusion in the corporate records.

2.08. FIXING OF RECORD DATE. The Board of Directors may fix in advance a record date for the purpose of determining Shareholders entitled to notice of or to vote at a meeting of the Shareholders or any adjournment thereof, or to express consent to corporate

action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the record date to be not less than ten (10) nor more than sixty (60) days prior to the meeting or any other action; or the Board of Directors may close the stock transfer books for such purpose for a period of at least ten (10), but not to exceed fifty (50) days prior to such meeting. In the absence of any action by the Board of Directors, the date upon which the notice of the meeting is mailed shall be the record date.

If no record date is fixed:

- (i) The record date for determining the Shareholders entitled to notice of or to vote at a meeting of the Shareholders shall be at the close of business on the next day preceding the day on which the notice was given, or, if notice is waived, at the close of business on the day net preceding the day on which the meeting is held.
- (ii) The record date for determining the Shareholders entitled to express consent to corporation action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed.
- (iii) The record date for determining the Shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of the Shareholders of record entitled to notice of or to vote at a meeting of the Shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

2.09. PROXIES. At all meetings of the Shareholders, a Shareholder entitled to vote may vote either in person or by proxy executed in writing by the Shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

2.10. ACCEPTANCE OF INSTRUMENTS SHOWING SHAREHOLDER ACTION. If the name signed on a vote, consent, waiver or proxy appointment correspond to the name of a Shareholder, the Corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of the Shareholder.

2.11. QUORUM. The holders of a majority of the shares issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the Shareholders. In the absence of a quorum, a meeting may be adjourned from time to time without notice to the Shareholders.

2.12. INSPECTORS OF ELECTION. Inspectors of election shall be appointed by the Board of Directors or the Executive Committee to act at any meeting of the Shareholders at which any election is held. The Inspectors shall examine proxies, pass upon their regularity, receive the votes and act as tellers, or perform any other duties which the Chairman may require of the at dais meeting.

2.13. VOTING BY BALLOT. Voting in any election for Directors shall be by ballot.

2.14. VOTING LISTS. The Officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of Shareholders, a complete list of the Shareholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each Shareholder and the number of shares registered in the name of each Shareholder. Such list shall be open to the examination of any Shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Shareholder who is present.

2.15 VOTING OF SHARES OF CERTAIN HOLDERS. Shares of capital stock of the Corporation standing in the name of another corporation, domestic or foreign, may be voted by such Officer, agent or proxy as the Bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of Directors of such corporation may determine.

Shares of capital stock of the Corporation standing in the name of a deceased person, a minor ward or an incompetent person, may be voted by his administrator, executor, court-appointed guardian or conservator, either in person or by proxy without a transfer of such shares into the name of such administrator, executor, court-appointed guardian, or conservator. Shares of capital stock of the Corporation standing in the name of a trustee may be voted by him, either in person or by proxy.

Shares of capital stock of the Corporation standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so be contained in an appropriate order of the court by which such receiver was appointed.

A Shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Shares of its own capital stock belonging to this Corporation shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any time, but shares of its own stock held by it in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares at any given time.

ARTICLE III. BOARD OF DIRECTORS

3.01. REQUIREMENT, TENURE, DUTIES AND NUMBER. The Corporation shall have a Board of Directors whom are elected at the first annual meeting and at each annual meeting thereafter. All corporate powers shall be exercised by or under the authority of, and the business affairs of the Corporation shall be managed under the direction of, its Board of Directors, subject to any limitation set forth in the Articles of Incorporation. The Board of Directors of the Corporation shall consist of such number of Directors, not less than one (1) nor more than nine (9), as shall be fixed from time to time by the Board of Directors. The number of Directors may be increased or decreased from time to time by amendment to, or in the manner provided in, the Articles of Incorporation or the Bylaws; provided, however, that a decrease in the number of Directors may not shorten an incumbent Director's term.

A Director may resign at any time by delivering written notice that complies with Article VI to the Board of Directors.

3.02. VACANCIES. If any vacancies occur in the Board of Directors caused by the death, resignation, retirement, disqualification, or removal from office of any Director, or otherwise, or if any new Directorship is created by any increase in the authorized number of Directors, the person to fill the vacancy or the newly created Directorship may be chosen at a special meeting of the Shareholders called for that purpose, or by the affirmative vote of a majority of the remaining Directors, though less than a quorum; and each successor Director so chosen shall be elected for the unexpired term of his predecessor in office. The Directors so chosen shall hold office until the next annual meeting of the Shareholders or until his successor is elected.

3.03. REGULAR MEETINGS. Regular meetings of the Board of Directors, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolutions adopted by the Board of Directors and communicated to all Directors. A regular meeting of the Board of Directors shall be held at least once each calendar quarter at such place, date and hour as the Board may appoint. Except as otherwise provided by statute, the Articles of Incorporation or these Bylaws, any and all business may be transacted at any regular meeting.

3.04. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President, the Chairman of the Board, the Vice Chairman, or

any two (2) Directors. If requested by a Director, minutes of any special meeting shall be prepared and distributed to each Director.

Notice of any special meeting shall be mailed to or left for the Directors at their offices or homes, or delivered or given in person at any time at least two (2) days prior to the meeting.

3.05. MEETINGS BY ELECTRONIC MEANS. Meetings of the Board of Directors, or Committees of the Board, may be held through the use of conference telephones or other communications equipment whereby all persons participating in the meeting can hear each other. Participation by any Board or Committee member in a meeting so held shall constitute presence in person at the meeting except where participation in the meeting is for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. The minutes of any such meeting shall be prepared in the same manner as a meeting of the Board of Directors or Committee held in person, except that the communication mode shall be recited in the minutes.

3.06. ACTION WITHOUT MEETING. Unless the Articles of Incorporation or Bylaws provide otherwise, action required or permitted by the General Corporation Law of Delaware be taken at a Board of Directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action shall be evidenced by one or more written consents describing the action taken, signed by each Director and retained by the Corporation. Action taken under this section is effective when the last Director signs the consent, unless the consent specifies a different effective date. A consent signed under this section has the effect of a unanimous vote taken at a meeting at which all Directors were present, and may be described as such in any document.

3.07. NOTICE; WAIVER. Unless the Articles of Incorporation or section 3.04 provide otherwise, regular meetings of the Board of Directors may be held without notice of the date, time, place or purpose of the meeting in conjunction with the General Corporation Law of Delaware (dealing with emergencies).

3.08. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

3.09. VOTING REQUIREMENTS. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors except on additions, amendments, repeal, or any changes whatsoever in the Bylaws or the adoption of new Bylaws when the affirmative votes of at least a majority of the members of the Board shall be necessary for the adoption of such changes.

3.10. CONDUCT OF MEETINGS. The President, and in his absence, an Executive Vice President, and in his absence, a Senior Vice President, and in their absence, any Director chosen by the Directors present, shall call meetings of the Board of Directors to order and shall act as chairman of the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in absence of the Secretary, the presiding Officer may appoint any Assistant Secretary or any Director or other person present to act as secretary of the meeting.

3.11. COMPENSATION. The Board of Directors shall have the authority to determine from time to time the amount of compensation, if any, which shall be paid to its members for their services as Directors and members of the Executive Committee and other standing or special committees of the Board. Such compensation shall be subject to approval by the Shareholders. Nothing herein contained shall be construed to preclude any Directors from serving the Corporation in any other capacity and receiving compensation therefore.

ARTICLE IV. THE EXECUTIVE COMMITTEE

4.01. NUMBER, TENURE AND QUORUM. The Directors may, at any meeting, appoint three (3) Directors who, with the Chairman of the Board and Vice Chairman (if a Vice Chairman has been elected by the Board) shall constitute and be called the Executive Committee. In case of the absence or inability to act of either the Chairman of the Board or the Vice Chairman, the President shall act as a member of the Executive Committee, and at any time when the office of the Vice Chairman shall be vacant, the President shall be a member of the Executive Committee. Each Director so appointed shall act as a member of the Committee until another is appointed and acts in his place; two (2) members of the Committee (except the Chairman of the Board and the Vice Chairman, if a Vice Chairman has been elected by the Board, and the President, if he shall be a permanent member of the Executive Committee because the office of the Vice Chairman is vacant) shall, when convenient, be changed at each regular quarterly meeting of the Board, the members retiring by seniority of appointment, unless otherwise desired by the Board. The Chairman of the Board shall preside at meetings of the Committee. In the absence or disqualification of a member of the Committee, the members thereof present at any meeting not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

In case of the absence or inability to act as Chairman of the Board, or upon his request, the duties and powers given to him in this section shall vest in the Vice Chairman, and in his absence or inability to act, or if the office of the Vice Chairman shall be vacant, shall vest in the President.

Three (3) members of the Executive Committee shall constitute a quorum for the transaction of business.

4.02. POWERS. The Executive Committee may, while the Board of Directors is not in session, exercise all or any of the powers of the Board of Directors; except that the Executive Committee shall not have the power or authority of the Board of Directors in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the Shareholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the Shareholders a dissolution of the Corporation or a revocation of a dissolution, or amending the Bylaws of the Corporation, or declaring a dividend or authorizing the issuance of stock.

4.03. MEETINGS. Meetings of the Executive Committee shall be held at the office of the company, or elsewhere, and at such time as they may appoint, but the Committee shall at all times be subject to the call of the Chairman of the Board or any member of the Committee.

4.04. RECORDS AND REPORTS. The Executive Committee, through the Secretary or any Assistant Secretary, shall keep books of separate minutes and report all of its action at every regular meeting of the Board of Directors, or as often as may be required by the Board.

ARTICLE V. OFFICERS

5.01. REQUIREMENT AND NUMBER. The Officers of the Corporation shall be a President, an Executive Vice President, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary and a Treasurer and one or more Assistant Secretaries or Assistant Treasurers as may be determined from time to time by the Board, however, such Vice Presidents (excluding the Executive Vice President and the Senior Vice Presidents) shall not be considered Officers of the Corporation for regulatory purposes. Any two (2) or more offices may be held by the same person. The Officers of the Corporation shall be elected by the Board of Directors upon a majority vote of those Directors present in quorum, at the initial organizational meeting of the Board of Directors and annually thereafter at the first meeting of the Board of Directors held after each annual meeting of the Shareholders beginning with the second annual meeting of the Shareholders. If the election of the Officers shall not be held at such meeting in any year, such election shall be held as soon thereafter as possible. Vacancies or new offices may be filled at any time.

5.02. ELECTION, APPOINTMENT AND TERM OF OFFICE. The President, Executive Vice President, Senior Vice President, Secretary, Treasurer and Assistant Secretaries and Assistant Treasurers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Shareholders. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Additionally, one or more Vice Presidents

may be appointed by the President to serve at the will of the President. Each Officer shall hold office until his successor shall have been duly elected or appointed or until his prior death, resignation or removal.

5.03. RESIGNATION. An Officer may resign at any time by delivering notice to the Corporation that complies with Article VI. The resignation is effective when the notice is delivered, unless the notice specifies a later effective date and the Corporation accepts the later effective date. If a resignation is effective at a later date, the Corporation's Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor may not take office until the effective date.

5.04. REMOVAL. The Board of Directors may remove any Officer or agent whenever in its judgment the best interests of the Corporation would be served thereby, but the removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment shall not of itself create contract rights. An Officer may remove, with or without cause, any Officer or Assistant Officer who was appointed by that Officer. In addition, Vice Presidents (excluding the Executive Vice President and the Senior Vice Presidents) may be removed by the President.

5.05. VACANCIES. Any vacancy in any office for any cause may be filled by the Board of Directors

5.06. DUTIES OF OFFICERS. Each Officer has the authority and shall perform the duties set forth in these Bylaws or, to the extent not inconsistent with the Bylaws, the duties prescribed by the Board of Directors or by direction of an Officer authorized by the Bylaws or by the Board of Directors to prescribe the duties of other Officers.

5.07. PRESIDENT. The President shall be the Chief Executive Officer of the Corporation, and shall have general direction of the affairs of the Corporation and general supervision over its several Officers, subject however, to the control of the Board of Directors. The President shall preside at all meetings of the Board of Directors. He shall have the authority to cause the employment or appointment of and the discharge of employees and agents of the Corporation, other than the Officers and excluding the Vice Presidents as set forth in section 5.10 below, and fix their compensation when granted such authority by the Board, suspend for cause, pending final action by the authority which shall have elected or appointed him, any Officer subordinate to the President, make and sign bonds, deeds, contracts, and agreements in the name of and on behalf of the Corporation, and sign stock certificates. Additionally, one or more Vice Presidents, as set forth in section 5.02 above, may be appointed by the President to serve at the will of the President. The President shall put into operation the business policies of the Corporation as determined by the Board, and as communicated to him. In carrying out such business policies, the President shall, subject to the supervision of the Board, have general management and control of the day-to-day business operations of the Corporation. He shall see that the books, reports, statements, and certificates

required by statutes or laws applicable to the Corporation are properly kept, made and filed according to law. The President shall be subject only to the authority of the Board in carrying out his duties; however, the President of the Corporation can vote on behalf of the Corporation where the Corporation is the sole Shareholder of any subsidiary of the Corporation. In the absence or disability of the President, his duties shall be performed and his powers may be exercised by the Executive Vice President, unless otherwise determined by the President or the Board. In the absence or inability to act of the Chairman of the Board and the Vice Chairman, or if the office of the Vice Chairman shall be vacant, the President shall have and exercise all their powers and duties.

5.08. EXECUTIVE VICE PRESIDENT. At the request of the President, or in the incapacity of the President, the Executive Vice President shall perform the duties of the President, and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. Any action taken by the Executive Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability of the President to act at the time such action was taken. The Executive Vice President shall perform such other duties as may, from time to time, be assigned to him by the Board, the President, the Chairman of the Board, the Executive Vice Chairman, or these Bylaws. The Executive Vice President may also sign with the Secretary or an Assistant Secretary, certificates of the stock of the Corporation. If more than one Executive Vice President is elected, said Executive Vice Presidents shall perform such duties as may be assigned to them from time to time by the President or the Board of Directors or these Bylaws. The Executive Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the Corporation.

5.09. SENIOR VICE PRESIDENT. At the request of the President or the Executive Vice President, or in the incapacity of the President or the Executive Vice President, the Senior Vice President shall perform the duties of the President or the Executive Vice President, and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. Any action taken by the Senior Vice President in the performance of the duties of the President or the Executive Vice President shall be conclusive evidence of the absence or inability of the President or the Executive Vice President to act at the time such action was taken. The Senior Vice President shall perform such other duties as may, from time to time, be assigned to him by the Board, the President, the Chairman of the Board, the Executive Vice Chairman, or these Bylaws. The Senior Vice President may also sign with the Secretary or an Assistant Secretary, certificates of the stock of the Corporation. If more than one Senior Vice President is elected, said Senior Vice Presidents shall perform such duties as may be assigned to them from time to time by the President or the Board of Directors or these Bylaws. The Senior Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the Corporation.

5.10. VICE PRESIDENT. The Vice Presidents shall perform such duties as may, from time to time, be assigned to him by the President, the Executive Vice President, a Senior Vice President or these Bylaws. If more than one Vice President is appointed by the

President, said Vice Presidents shall perform such duties as may be assigned to them from time to time by the President, the Executive Vice President, a Senior Vice President or these Bylaws. Such Vice Presidents shall serve at the will of the President and may be removed at any time without action of the Board of Directors. Such Vice Presidents shall not be considered Officers of the Corporation for regulatory purposes.

5.11. SECRETARY. The Secretary shall see that proper notices are sent of the meetings of the Shareholders, the Board and the Executive Committee, and shall see that all proper notices are given, as required by these Bylaws. The Secretary shall keep minutes of all meetings of the Shareholders, the Board of Directors and all Committees of the Board in one or more books provided for that purpose.

The Secretary shall have general charge of stock certificate books, transfer books, stock ledgers, and such other books and papers as the Board of Directors may direct for the Corporation, all of which shall, at all reasonable times, be open to the examination of any Director, upon application at the office of the Corporation during business hours.

The Secretary shall perform all duties and exercise all powers incident to the office of the Secretary and such other duties and powers as the Board, the President or the Vice President may from time to time assign or confer.

5.12. TREASURER. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall keep complete and accurate records of account, showing accurately at all times the financial condition of the Corporation; shall be the legal custodian of all monies, notes, securities, and other valuables that may from time to time come into the possession of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article VII of these Bylaws; shall furnish at meetings of the Board or whenever requested, a statement of the financial condition of the Corporation, and shall perform such other duties and exercise all powers incident to the office of the Treasurer and such other duties and powers as the Board, the President, the Chairman or the Vice Chairman of the Board, or these Bylaws may from time to time assign or confer.

5.13. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries as thereunto authorized by the Board of Directors may sign with the Chairman of the Board, the Vice Chairman, or the President or an Executive Vice President certificates for shares of the Corporation, the issue of which shall have been authorized by a resolution of the Board of Directors. Any Assistant Secretary or Assistant Treasurer appointed by the Board of Directors shall have power to perform, and shall

perform, all duties incumbent upon the Secretary or the Treasurer of the Corporation, respectively, subject to the general direction of such Officers, and shall perform such other duties as the Bylaws may require or the Chairman, the Vice Chairman, the President, or the Board of Directors may prescribe.

5.14. OTHER ASSISTANTS AND ACTING OFFICERS. The Board of Directors shall have the power to appoint any person to act as assistant to any Officer, or as agent for the Corporation in his stead, or to perform the duties of such Officer whenever for any reason it is impractical for such Officer to act personally, and such assistant or acting Officer or other agent so appointed by the Board of Directors shall have the power to perform all the duties of the office to which he is so appointed to be assistant, or as to which he is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors.

5.15. SALARIES. The salaries or other compensation of the Officers shall be fixed from time to time by the Board of Directors. No Officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a Director of the Corporation.

ARTICLE VI. NOTICE AND WAIVER OF NOTICE

6.01. NOTICE. This Article applies to any notice that is required under these Bylaws and that is made subject to this Article by express reference to this Article. Any notice required under these Bylaws shall be given in writing, except that oral notice may be given if oral notice is permitted by the Articles of Incorporation or the Bylaws and is not otherwise prohibited by the General Corporation Law of Delaware. Except as otherwise provided in the General Corporation Law of Delaware, the Articles of Incorporation or the Bylaws, notice may be communicated in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication, or by mail or private carrier, and, if these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by a radio, television or other form of public broadcast communication. Written notice to a domestic corporation or a foreign corporation authorized to transact business in the State of Delaware may be addressed to its registered agent at its registered office or to the domestic corporation or foreign corporation at its principal office. Except as otherwise provided in the General Corporation Law of Delaware, written notice is effective at the earliest of the following: (a) when received; (b) five (5) days after its deposit in the U.S. Mail, if mailed postpaid and correctly addressed; (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or (d) on the effective date specified in the Articles of Incorporation or Bylaws. Notwithstanding the preceding sentence, written notice by the Corporation to its Shareholder is effective when mailed and may be addressed to the Shareholder's address shown in the Corporation's current record of Shareholders. Oral notice is effective when communicated.

6.02. WAIVER OF NOTICE. Whenever any notice whatever is required to be given under the provisions of these Bylaws or under the provisions of the Certificate of Incorporation or under the provisions of the General Corporation Law of Delaware, waiver thereof in writing, signed by the person or persons, entitled to such notice whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of any person at a meeting for which any notice whatever is required to be given under the provisions of these Bylaws, the Certificate of Incorporation, or the General Corporation Law of Delaware shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII. CONTRACTS, LOANS, CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS

7.01. CONTRACTS. The Board of Directors may authorize any Officer or Officers, or agent or agents, to enter into any contract or execute or deliver any instrument in the name of and on behalf of the Corporation, and such authorization may be general or confined to specific instances. In the absence of other designation, all deeds, mortgages and instruments of assignment or pledge made by the Corporation shall be executed in the name of the Corporation by the President, the Executive Vice President, the Senior Vice President, or one of the Vice Presidents and by the Secretary, an Assistant Secretary or an Assistant Secretary, when necessary or required, shall affix the corporate seal thereto. When an instrument is executed in accordance with this Section, no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing Officer or Officers.

7.02. LOANS. No indebtedness for borrowed money shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by or under the authority of a resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

7.03. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, or agent or agents of the Corporation and in such manner as shall from time to time be determined by or under the authority of a resolution of the Board of Directors.

7.04 DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as may be selected by or under the authority of a resolution of the Board of Directors.

7.05. POWER TO EXECUTE PROXIES. The Chairman of the Board, the Vice Chairman, the President, or any Executive Vice President may execute proxies on behalf of the Corporation with respect to the voting of any shares of stock owned by the Corporation.

ARTICLE VIII. CERTIFICATES FOR SHARES AND THEIR TRANSFER

8.01. CERTIFICATES FOR SHARES. The shares of the Corporation shall be represented by certificates, which shall be in such form, consistent with law, as shall be determined by the Board of Directors. All certificates for shares shall be consecutively numbered or otherwise identified. Such certificates shall be signed by the Chairman of the Board, the Vice Chairman, the President, an Executive Vice President, a Senior Vice President, or a Vice President and by the Secretary or an Assistant Secretary, or by such Officer or Officers as may be designated in a resolution of the Board of Directors, and, if these Bylaws call for the designation of a corporate seal, shall be sealed with the seal of the Corporation. If the Corporation is authorized to issue different classes of shares or different series within a class, the front or back of each certificate shall contain either: (a) a summary of the designations, relative rights, preferences and limitations applicable to each class, and the variations in rights, preferences and limitations determined for each series and the authority of the Board of Directors to determine variations in rights, preferences and limitations determined for each series and the authority of the Board of Directors to determine variations for future series, or (b) a conspicuous statement that the Corporation will furnish the Shareholder with the information described in (a) above on request, in writing and without charge. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. All certificates surrendered to the Corporation for exchange or transfer shall be canceled and no new certificate or certificates shall be issued in exchange for any existing certificates until the existing certificates shall have been surrendered and canceled, except as provided in section 8.06.

8.02. FACSIMILE SIGNATURES AND SEAL. The seal of the Corporation on any certificates of shares may be a facsimile. If a share certificate is countersigned (i) by a transfer agent other than the Corporation or its employee, or (ii) by a registrar other than the Corporation or its employee, any other signature may be a facsimile. In case any Officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such Officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such Officer, transfer agent, or registrar at the date of issue. Each share certificate shall be signed either manually or in facsimile, by the Officer or Officers designated in section 8.01.

8.03. SIGNATURE BY FORMER OFFICERS. The validity of a share of certificate is not affected if a person who signed the certificate no longer holds office when the certificate is issued.

8.04. TRANSFERS OF SHARES. Transfers of shares of the Corporation shall be made only on the books of the Corporation by the holder of the record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

8.05. RESTRICTION ON TRANSFER OF SHARES AND OTHER SECURITIES. The Articles of Incorporation, the Bylaws, an agreement among Shareholders and holders of other securities, or an agreement between Shareholders and holders of other securities and the Corporation, may impose a transfer restriction on shares and other securities of the Corporation for any reasonable purpose, except that a transfer restriction may not effect shares and other securities issued before the restriction is adopted unless the holders of the shares and other securities are parties to the transfer restriction agreement or vote in favor of the transfer restriction. A transfer restriction is valid and enforceable against the holder or transferee of the holder if the transfer restriction is authorized by this section and its existence is noted conspicuously on the front or back of the certificate. Unless so noted, a transfer restriction is not enforceable against a person who does not know of the transfer restriction. The transfer restrictions permitted under this section include, but are not limited to, transfer restrictions that do any of the following: (a) obligate the Shareholder or holder of other securities first to offer to the Corporation or other persons, whether separately, consecutively, or simultaneously, an opportunity to acquire the restricted shares or other securities; (b) obligate the Corporation or other persons, whether separately, consecutively or simultaneously, to acquire the restricted shares or other securities; or (c) prohibit the transfer of the restricted shares or other securities to designated persons or classes of persons, if the prohibition is not manifestly unreasonable. As used in this section, "any reasonable purpose" includes but is not limited to, any of the following purposes: (a) maintaining the Corporation's status when it is dependent on the number or identity of its Shareholders, or (b) preserving exemptions under federal or state securities law. As used in this section, "other securities" include securities that are convertible into or carry a right to subscribe for or acquire shares of the Corporation. As used in this section, the term "transfer restriction" means a restriction on the securities of the Corporation.

8.06. LOST, DESTROYED OR STOLEN CERTIFICATES. Where the owner claims that his certificate for shares has been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the Corporation has notice that such shares have been acquired by a bona fide purchaser, (b) files with the Corporation a sufficient indemnity bond if required by the Board of Directors, and (c) satisfies such other reasonable requirements as the Board of Directors may prescribe.

8.07. ISSUANCE OF SHARES. Unless reserved to the Shareholders by the Articles of Incorporation, the Board of Directors shall have the powers granted to it in this section. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the Corporation, including cash, promissory notes, services performed, contracts for services to be performed or other securities of the Corporation. Before the Corporation issues shares, the Board of Directors shall determine that the consideration received or to be received for the shares to be issued is adequate. The Board of Directors' determination is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid and nonassessable. When the Corporation receives the consideration for which the Board of Directors authorized the issuance of shares, the shares issued for that consideration are fully paid and nonassessable. The Corporation may place in escrow shares issued for a contract for future services or benefits or a promissory note, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed, the benefits are received or the note is paid. If the services are not performed, the benefits are not received or the note is not paid, the Corporation may cancel, in whole or in part, the shares escrowed or restricted and the distributions credited. The Corporation may pay the expense of selling or underwriting its shares, and of organizing or reorganizing the Corporation, from the consideration received for shares.

ARTICLE IX. FISCAL YEAR

The fiscal year of the Corporation shall begin on the first (1st) day of January of each year and shall end on the thirty-first (31st) day of December of each year.

ARTICLE X. DISTRIBUTION TO SHAREHOLDERS

10.01. AUTHORITY. The Board of Directors may authorize and the Corporation may make distributions to its Shareholders, or purchase or acquire any of its shares provided (a) after the distribution, purchase, or acquisition, the Corporation will be able to pay its obligations as they become due in the usual course of its business, and (b) the distribution, purchase, or acquisition will not cause the Corporation's assets to be less than its total liabilities plus the amount necessary to satisfy, upon distribution, the preferential rights of Shareholders whose rights are superior to those receiving the distribution.

**ARTICLE XI. OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS;
LIABILITY AND INDEMNITY; TRANSACTIONS WITH CORPORATION**

11.01. RELIANCE BY DIRECTORS OR OFFICERS. Unless the Director or Officer has knowledge that makes reliance unwarranted, a Director or Officer, in discharging his or her duties to the Corporation, may rely on information, opinions, reports or statements, any of which may be written or oral, formal or informal, including financial statements, valuation reports and other financial data, if prepared or presented by any of the following: (a) an Officer or employee of the Corporation whom the Director or Officer believes in good faith to be reliable and competent in the matters presented; (b) legal counsel, public accountants or other persons as to matters that the Director or Officer believes in good faith are within their person's professional or expert competence; or (c) in the case of reliance by Director, a committee of the Board of Directors of which the Director is not a member if the Director believes in good faith that the committee merits confidence.

11.02. CONSIDERATION OF INTERESTS IN ADDITION TO SHAREHOLDERS' INTERESTS. In discharging his or her duties to the Corporation and in determining what he or she believes to be in the best interests of the Corporation, a Director or Officer may in addition to considering the effects of any action on Shareholders, consider the following: (a) the effects of the action on employees, suppliers and customers of the Corporation; (b) the effects of the action on communities in which the Corporation operates; and (c) any other factors that the Director or Officer considers pertinent.

11.03. LIMITED LIABILITY OF DIRECTORS. A Director is not liable to the Corporation, its Shareholders, or any person asserting rights on behalf of the Corporation or its Shareholders, for damages, settlements, fees, fines, penalties or other monetary liabilities arising from a breach of, or failure to perform, any duty resulting solely from his or her status as a Director, unless the person asserting liability proves that the breach or failure to perform constitutes any of the following: (a) a willful failure to deal fairly with the Corporation or its Shareholders in connection with a matter in which the Director has a material conflict of interest; (b) a violation of criminal law, unless the Director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful; (c) a transaction from which the Director derived an improper personal profit; or (d) willful misconduct. Notwithstanding the foregoing, the Corporation may limit the immunity provided under this section by its Articles of Incorporation; such a limitation applies if the cause of action against a Director accrues while the limitation is in effect.

11.04. DIRECTOR CONFLICT OF INTEREST. A conflict of interest transaction is not voidable by the Corporation solely because of a Directors' interest in the transaction if any of the following is true:

(a) The material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors or a committee of the Board of Directors and the

Board or Directors or committee authorized, approved or specifically ratified the transaction. For purposes of the subsection (a), a conflict of interest transaction is authorized, approved or specifically ratified if it receives the affirmative vote of a majority of the Directors on the Board of Directors or on the committee acting on the transaction, who have no direct or indirect interest in the transaction. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under this subsection (a) if the transaction is otherwise authorized, approved or ratified as provided in this section;

(b) The material facts of the transaction and the Director's interest were disclosed or known to the Shareholders entitled to vote and they authorized, approved, or specifically ratified the transaction. For the purposes of this subsection (b), a conflict of interest transaction is authorized, approved or specifically ratified if it receives the vote of a majority of the shares entitled to be counted under this subsection (b). Shares owned by or voted under the control of a Director who has a direct or indirect interest in the transaction, and shares owned by or voted under the control of an entity, other than the Corporation, which is a party to the transaction and in which the Director is a general partner, may not be counted in a vote of Shareholders to determine whether to authorize, approve or ratify a conflict of interest transaction under this subsection (b). The vote of those shares shall be counted in determining whether the transaction is approved under sections of the General Corporation Law of Delaware. A majority of the shares, whether or not present, that are entitled to be counted in a vote on the transaction under this subsection (b) constitutes a quorum for the purpose of taking action under this section; or

(c) The transaction was fair to the Corporation.

As used in this section, "conflict of interest transaction" means a transaction with the Corporation in which a Director of the Corporation has a direct or indirect interest. For purposes of this section, the circumstances in which a Director of the Corporation has an indirect interest in a transaction include but are not limited to a transaction under any of the following circumstances: (i) another entity in which the Director has a material financial interest in which the Director is a general partner is a party to the transaction, or (ii) another entity of which the Director is a Director, Officer, or trustee, is a party to the transaction and the transaction is or, because of its significance to the Corporation, should be considered by the Board of Directors to the Corporation.

11.05. LOANS TO DIRECTORS. The Corporation may not lend money to guaranty the obligation of Director of the Corporation unless any of the following occurs: (a) the particular loan or guaranty is approved by a majority of the votes represented by the outstanding voting shares of all classes, voting as a single voting group, except the votes of shares owned by or voted under the control of the benefited Director; or (b) the Corporation's

Board of Directors determines that the loan or guaranty benefits the Corporation and either approves the specific loan or guaranty or a general plan authorizing loans and guaranties. The fact that a loan guaranty is made in violation of this section does not affect the borrower's liability on the loan.

11.06. INDEMNIFICATION AND ALLOWANCE OF EXPENSES OF EMPLOYEES AND AGENTS. The Corporation shall, to the fullest extent authorized by the General Corporation Law of Delaware, indemnify an employee who is not a Director or Officer of the Corporation, to otherwise in defense of a proceeding, for all reasonable expenses incurred in the proceeding if the employee was a party because he or she was an employee of the Corporation. In addition to the indemnification required by the preceding sentence, the Corporation may indemnify and allow reasonable expenses of an employee or agent who is not a Director or Officer of the Corporation to the extent provided by the Articles of Incorporation or Bylaws, by general or specific action of the Board of Directors or by contract.

ARTICLE XII. SEAL

12.01. SEAL. The Board of Directors has provided not to purchase and/or establish a corporate seal and where appropriate on any document for filing a specific notation shall be inserted indicating that there is "No Seal" for the Corporation.

ARTICLE XIII. INSPECTION OF RECORDS BY SHAREHOLDERS

13.01. INSPECTION OF BYLAWS. A Shareholder of the Corporation may inspect and copy the Corporation's Bylaws, as then in effect, during regular business hours at the Corporation's principle office. To inspect the Bylaws under this section, the Shareholder shall give the Corporation written notice, that complies with Article VI, of his or her demand, at least five (5) business days before the date on which he or she wishes to inspect and copy the Bylaws.

13.02. INSPECTION OF OTHER RECORDS. Any Shareholder who holds at least five percent (5%) of the Corporation's outstanding shares or who has been a Shareholder for at least six (6) months or shall have the right to inspect and copy, during regular business hours at a reasonable location specified by the Corporation, any of the following records: (a) excerpts from any minutes or records that the Corporation is required to keep as permanent records; (b) the Corporation's accounting records; or (c) the record of Shareholders or, at the Corporation's discretion, a list of the Corporation's Shareholders that was compiled no earlier than the date of the Shareholder's demand. The Shareholder's demand for inspection must be made in good faith and for a proper purpose and by delivery of written notice, given to the Corporation in accordance with the provisions of Article VI at least five (5) business days

before the date on which he or she wishes to inspect and copy the records, stating with reasonable particularity the purpose of the inspection and the records directly connected with that purpose, which he or she desires to inspect.

ARTICLE XIV. AMENDMENTS

14.01. BY SHAREHOLDERS. These Bylaws may be amended or repealed and new Bylaws may be adopted by the Corporation's Shareholders by affirmative vote of not less than a majority of the shares present or represented at any annual or special meeting of the Shareholders at which a quorum is in attendance.

14.02. BY DIRECTORS. These Bylaws may also be amended or repealed and new Bylaws may be adopted by the Board of Directors by affirmative vote of a majority of the number of Directors present at any meeting at which a quorum is in attendance, except to the extent that any of the following applies: (a) the Articles of Incorporation or any provision of the General Corporation Law of Delaware reserve the power exclusively to the Shareholders, or (b) the Shareholders in adopting, amending or repealing a particular Bylaw provide within the Bylaws that the Board of Directors may not amend, repeal, or readopt that By-law.

14.03. IMPLIED AMENDMENTS. Any action taken or authorized by the Shareholders or by the Board of Directors, which would be inconsistent with the Bylaws then in effect but is taken or authorized by affirmative vote of not less than the number of shares or the number of Directors required to amend the Bylaws so that the Bylaws would be consistent with such action, shall be given the same effect as though the Bylaws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.

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AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
COBALT CORPORATION

ARTICLE I
NAME

The name of the corporation is COBALT CORPORATION (the "CORPORATION").

ARTICLE II
AUTHORIZED CAPITAL STOCK

SECTION 1. The aggregate number of authorized shares of common stock of the Corporation shall be Seventy-Five Million (75,000,000) shares, designated as "Common Stock" and having no par value per share.

SECTION 2. The aggregate number of authorized shares of preferred stock of the Corporation shall be One Million (1,000,000) shares, designated as "Preferred Stock" and having no par value per share. Authority is hereby vested in the Board of Directors from time to time to issue the Preferred Stock in one or more series of any number of shares and, in connection with the creation of each such series, to fix, by resolution providing for the issue of shares thereof: (i) the voting rights, if any; (ii) the designations, preferences, limitations and relative rights of such series in respect to the rate of dividend, the price, the terms and conditions of redemption; (iii) the amounts payable upon such series in the event of voluntary or involuntary liquidation; (iv) sinking fund provisions for the redemption or purchase of such series of shares; and, (v) if the shares of any series are issued with the privilege of conversion, the terms and conditions on which such series of shares may be converted. In addition to the foregoing, to the full extent now or hereafter permitted by the WBCL, in connection with each issue thereof, the Board of Directors may at its discretion assign to any series of the Preferred Stock such other terms, conditions, restrictions, limitations, rights and privileges as it may deem appropriate. The aggregate number of preferred shares issued and not canceled of any and all preferred series shall not exceed the total number of shares of Preferred Stock hereinabove authorized. Each series of Preferred Stock shall be distinctively designated by letter or descriptive words or both.

ARTICLE III
BOARD OF DIRECTORS
AND SHAREHOLDER MEETINGS

SECTION 1. Except as may be otherwise specifically provided by the WBCL, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of the Board of Directors.

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SECTION 2. A majority of the whole Board of Directors of the Corporation shall constitute a quorum for the transaction of business and, except as otherwise provided in these Articles of Incorporation or the Bylaws of the Corporation, the vote of a majority of the directors present at a meeting at which a quorum is then present shall be the act of the Board of Directors of the Corporation. The term "whole Board of Directors of the Corporation," as used in these Articles of Incorporation, means the total number of directors which the Corporation would have as of the date of such determination if the Board of Directors of the Corporation had no vacancies.

SECTION 3. The Board of Directors of the Corporation shall consist of no less than 3 nor more than 9 directors, the exact number of directors to be determined in accordance with the Bylaws of the Corporation. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the whole Board of Directors of the Corporation. Thomas R. Hefty, Janet D. Steiger and Kenneth M. Viste, Jr. are hereby named as the initial Class I directors to hold office for a term expiring at the annual meeting of shareholders in 2001 and until their respective successors are duly elected and qualified or until their earlier resignation or removal; James L. Forbes, D. Keith Ness and William C. Rupp are hereby named as the initial Class II directors to hold office for a term expiring at the annual meeting of shareholders in 2002 and until their respective successors are duly elected and qualified or until their earlier resignation or removal; and Richard A. Abdo, Barry K. Allen and Michael S. Joyce are hereby named as the initial Class III directors to hold office for a term expiring at the annual meeting of shareholders in 2003 and until their respective successors are duly elected and qualified or until their earlier resignation or removal. At each annual meeting of shareholders beginning in 2001, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his or her term shall expire and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

SECTION 4.

A. QUALIFICATIONS. No person shall be elected or appointed to, or permitted to serve on, the Board of Directors of the Corporation unless either (i) such person would qualify as an Independent Director (as defined in Paragraph B.1 of this Section 4 of Article IV), or (ii) immediately after giving effect to such election or appointment, at least eighty percent (80%) of the members of the whole Board of Directors of the Corporation would qualify as Independent Directors ("INDEPENDENT DIRECTOR MINIMUM"). The Independent Director Minimum shall decrease by one-half percent (0.5%) in proportion to each one percent (1%) reduction in the issued and outstanding Common Stock Beneficially Owned by the Foundation below eighty percent (80%), PROVIDED, HOWEVER, that the Independent Director Minimum shall always be greater than fifty percent (50%).

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B. DEFINITIONS.

1. "INDEPENDENT DIRECTOR" means (i) any person who was a member of the Board of Directors of Blue Cross & Blue Shield United of Wisconsin on the effective date of the filing of these Amended and Restated Articles of Incorporation, or (ii) any person who, during the entirety of any term of service on the Board of Directors of the Corporation, satisfies each of the following conditions: (a) he or she shall have affirmed in writing that, at the time of his or her election or appointment for such term, he or she was Independent (as defined in Paragraph B. 2 of this Section 4 of Article III), and (b) he or she shall have agreed to serve only in the capacity of an Independent Director for such term.

2. "INDEPENDENT" means a person who, at any given time, (i) shall not be a Major Participant (as defined in Paragraph B. 4 of this Section 4 of Article III), (ii) shall not have been nominated to the Board of Directors of the Corporation at the initiative of a Major Participant, (iii) shall not have announced a commitment to any proposal made by a Major Participant that has not been approved by an Independent Board Majority (as defined in Paragraph B. 3 of this Section 4 of Article III), and (iv) shall not have been determined by an Independent Board Majority to have been subject to any relationship, arrangement or circumstance (including any relationship with a Major Participant) which, in the judgment of such Independent Board Majority, is reasonably possible or likely to interfere to an extent deemed unacceptable by such Independent Board Majority with his or her exercise of independent judgment as a director.

3. "INDEPENDENT BOARD MAJORITY" means a group of directors comprised of (i) a majority of all directors who qualify as Independent Directors at the time of such determination, and (ii) a majority of all directors at the time of such determination.

4. "MAJOR PARTICIPANT" means (i) the Foundation (as defined in Section 1 of Article V hereof) or a Person (as defined in Section 1 of Article V hereof) who shall, in the judgment of an Independent Board Majority, succeed to the position held by the Foundation, PROVIDED, that no Person shall lose his, her or its status as an Independent Director solely because such Person is a member of the Board of Directors of the Foundation (as defined in Section 1 of Article V hereof), (ii) a Person who, except as provided in the next sentence, is an Excess Owner (as defined in Section 1 of Article V hereof), (iii) a Person that has filed proxy materials with the SEC (as defined in Section 1 of Article V hereof) supporting a candidate for election to the Board of Directors of the Corporation in opposition to candidates approved by an Independent Board Majority, (iv) a Person that has made a proposal, made a filing with the SEC or taken other actions in which such Person indicates that such Person may seek to become a Major Participant or which in the judgment of an Independent Board Majority indicates that it is reasonably possible or likely that such Person will seek to become a Major Participant, or (v) a Person that is an affiliate or associate (as defined in Section 1 of Article V hereof) of a Major Participant. Notwithstanding the foregoing, in the event that an Independent Board Majority shall have approved an acquisition of outstanding Capital Stock (as defined in Section 1 of Article V hereof) of the Corporation, prior to the time such acquisition shall occur, which would otherwise render a Person a Major Participant and such Person (a) shall not have made any subsequent acquisition of outstanding Capital Stock of the

Corporation not approved by an Independent Board Majority and (b) shall not have subsequently taken any of the actions specified in the preceding sentence without the prior approval of an Independent Board Majority, then such Person shall not be deemed a Major Participant; PROVIDED that the Foundation shall always be deemed a Major Participant notwithstanding any approval of any acquisition of Capital Stock of the Corporation or any other development or fact of any kind. In the event there shall be any question as to whether a particular Person is a Major Participant, the determination of an Independent Board Majority shall be binding upon all parties concerned.

SECTION 5. Each election of directors shall be by plurality vote except that an individual shall not be elected to the Board of Directors of the Corporation if such election is prohibited by Section 4 of this Article III or the individual does not meet the qualifications which may be required by the Bylaws of the Corporation as constituted at the time of such election.

SECTION 6. Any newly created directorships resulting from any increase in the number of directors or from the removal, resignation or death of a director may be filled only by the affirmative vote of an Independent Board Majority and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified or until their respective earlier resignation, removal or death.

SECTION 7. Shareholders of the Corporation shall have no right to remove any director or the whole Board of Directors of the Corporation unless such removal is for Cause (as defined below in this Section 7 of Article III) and unless the holders of at least seventy-five percent (75%) of the issued and outstanding shares of Common Stock then entitled to vote at an election of directors shall have voted in favor of such removal for Cause. "Cause," as used in this Section 7, means gross negligence or willful misconduct in the performance of the director's duty to the Corporation in a matter of substantial importance to the Corporation.

SECTION 8. Whenever the holders of any series of Preferred Stock issued by the Corporation or of any other securities of the Corporation shall have the right, voting separately by series, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of these Articles of Incorporation then applicable thereto.

SECTION 9. Meetings of the shareholders of the Corporation for any purpose or purposes may be held within or without the State of Wisconsin, as the Bylaws of the Corporation may provide.

SECTION 10. Subject to the rights, if any, of the holders of Preferred Stock or any series thereof, special meetings of the shareholders of the Corporation for any purpose or purposes may be called at any time only by the Chairman of the Board of the Corporation, the Chief Executive Officer of the Corporation, the President of the Corporation, an Independent Board Majority or any other party specifically mandated by the WBCL. Special meetings of

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the shareholders of the Corporation may not be called by any other person or persons or in any other manner.

SECTION 11. The restrictions contained in Wisconsin Statutes Section

180.1150 shall not apply to shares of Capital Stock Beneficially Owned by the Foundation, by any entity 100% of whose equity interests are owned beneficially by the Foundation, or by any Trustee or Trustees under the Voting Trust and Divestiture Agreement.

ARTICLE IV
LIABILITY FOR BREACH OF FIDUCIARY DUTY

A director of the Corporation shall not be personally liable to the Corporation, its shareholders, or any person asserting rights on behalf of the corporation or its shareholders, for damages, settlements, fees, fines, penalties or other monetary liabilities arising from a breach of, or failure to perform, any duty resulting solely from his or her status as a director, unless the person asserting liability proves that the breach or failure to perform constitutes any of the following: (i) a willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director has a material conflict of interest; (ii) a violation of criminal law, unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful; (iii) a transaction from which the director derived an improper personal profit; (iv) willful misconduct; or (v) liability arising under Section 180.0833 of the WBCL. In no event shall any director be deemed to breach any fiduciary duty or other obligation owed to any shareholders of the Corporation or any other person by reason of (i) his or her failure to vote for (or by reason of such director's vote against) any proposal or course of action that in such director's judgment would breach any requirement imposed by the BlueCross BlueShield Association (or its then successor) (the "BCBSA") or could lead to termination of any license granted by the BCBSA to the Corporation or any subsidiary or affiliate of the Corporation, or (ii) his or her decision to vote in favor of any proposal or course of action that in such director's judgment is necessary to prevent a breach of any requirement imposed by the BCBSA or could prevent termination of any license granted by the BCBSA to the Corporation or any subsidiary or affiliate of the Corporation. If the WBCL is hereafter amended to authorize, with the approval of a corporation's shareholders, further reductions in the liability of a corporation's directors for breach of fiduciary duty, then a director of the Corporation shall not be liable for any such breach to the fullest extent permitted by the WBCL as so amended. Any repeal or modification of the foregoing provisions of this Article IV by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE V
RESTRICTION ON TRANSFER

SECTION 1. The following definitions shall apply with respect to this Article V:

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(a) "AFFILIATE" and "ASSOCIATE" have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(b) a Person shall be deemed to "BENEFICIALLY OWN," be the "BENEFICIAL OWNER" of or have "BENEFICIAL OWNERSHIP" of any Capital Stock:

(1) in which such Person shall then have a direct or indirect beneficial ownership interest;

(2) in which such Person shall have the right to acquire any direct or indirect beneficial ownership interest pursuant to any option or other agreement (either immediately or after the passage of time or the occurrence of any contingency);

(3) which such Person shall have the right to vote;

(4) in which such Person shall hold any other interest which would count in determining whether such Person would be required to file a Schedule 13D or Schedule 13G under Regulation 13D-G under the Exchange Act; or

(5) which shall be Beneficially Owned (under the concepts provided in the preceding clauses) by any affiliate or associate of the particular Person or by any other Person with whom the particular Person or any such affiliate or associate has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities and other than pursuant to the Registration Rights Agreement);

PROVIDED, HOWEVER, that:

(6) a Person shall not be deemed to Beneficially Own, be the Beneficial Owner of, or have Beneficial Ownership of Capital Stock by reason of possessing the right to vote if (i) such right arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act, and (ii) such Person is not the Excess Owner of any Excess Shares, is not named as holding a beneficial ownership interest in any Capital Stock in any filing on Schedule 13D or Schedule 13G, and is not an affiliate or associate of any such Excess Owner or named Person;

(7) a member of a national securities exchange or a registered depository shall not be deemed to Beneficially Own, be the Beneficial Owner of or have Beneficial Ownership of Capital Stock held directly or indirectly by it on behalf of another Person (and not for its own account) solely because such member or depository is the record holder of such Capital Stock, and (in the case of such member), pursuant to the rules of such exchange, such member may direct the vote of such Capital Stock without instruction on matters which are uncontested and do not affect substantially the rights or privileges of the holders of the Capital Stock to be voted, but is otherwise precluded by the rules of such exchange from voting such Capital Stock without instruction on either contested matters or matters that may affect substantially the rights or the privileges of the holders of such Capital Stock to be voted;

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(8) a Person who in the ordinary course of business is a pledgee of Capital Stock under a written pledge agreement shall not be deemed to Beneficially Own, be the Beneficial Owner of or have Beneficial Ownership of such pledged Capital Stock solely by reason of such pledge until the pledgee has taken all formal steps which are necessary to declare a default or has otherwise acquired the power to vote or to direct the vote of such pledged Capital Stock, PROVIDED THAT:

(A) the pledge agreement is bona fide and was not entered into with the purpose nor with the effect of changing or influencing the control of the Corporation, nor in connection with any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) promulgated under the Exchange Act; and

(B) the pledge agreement does not grant to the pledgee the right to vote or to direct the vote of the pledged securities prior to the time the pledgee has taken all formal steps which are necessary to declare a default;

(9) a Person engaged in business as an underwriter or a placement agent for securities who enters into an agreement to acquire or acquires Capital Stock solely by reason of its participation in good faith and in the ordinary course of its business in the capacity of underwriter or placement agent in any underwriting or agent representation registered under the Securities Act, as a bona fide private placement, a resale under Rule 144A promulgated under the Securities Act, or in any foreign or other offering exempt from the registration requirements under the Securities Act shall not be deemed to Beneficially Own, be the Beneficial Owner of or have Beneficial Ownership of such securities until the expiration of forty (40) days after the date of such acquisition so long as (i) such Person does not vote such Capital Stock during such period, and (ii) such participation is not with the purpose or with the effect of changing or influencing control of the Corporation, nor in connection with or facilitating any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) promulgated under the Exchange Act;

(10) if the Corporation shall sell shares in a transaction not involving any public offering, then each purchaser in such offering shall be deemed to obtain Beneficial Ownership in such offering of the shares purchased by such purchaser, but no particular purchaser shall be deemed to Beneficially Own or have acquired Beneficial Ownership or be the Beneficial Owner in such offering of shares purchased by any other purchaser solely by reason of the fact that all such purchasers are parties to customary agreements relating to the purchase of equity securities directly from the Corporation in a transaction not involving a public offering, PROVIDED THAT:

(A) all the purchasers are persons specified in Rule 13d-1(b)(1) (ii) promulgated under the Exchange Act;

(B) the purchase is in the ordinary course of each purchaser's business and not with the purpose nor with the effect of changing or influencing control of the Corporation, nor in connection with or as a participant in any transaction having such purpose

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or effect, including any transaction subject to Rule 13d-3(b) promulgated under the Exchange Act;

(C) there is no agreement among or between any purchasers to act together with respect to the Corporation or its securities except for the purpose of facilitating the specific purchase involved; and

(D) the only actions among or between any purchasers with respect to the Corporation or its securities subsequent to the closing date of the nonpublic offering are those which are necessary to conclude ministerial matters directly related to the completion of the offer or sale of the securities sold in such offering;

(11) the Share Escrow Agent shall not be deemed to be the Beneficial Owner of any Excess Shares held by such Share Escrow Agent pursuant to an Excess Share Escrow Agreement, nor shall any such Excess Shares be aggregated with any other shares of Capital Stock held by affiliates or associates of such Share Escrow Agent; and

(12) a Person shall not be deemed to Beneficially Own, be the Beneficial Owner of, or have Beneficial Ownership of Capital Stock by reason of the fact that such Person shall have entered into an agreement with the Corporation pursuant to which such Person, or its associates or affiliates, shall, upon consummation of the transaction described in such agreement, acquire, directly or indirectly, all of the Capital Stock of the Corporation (by means of a merger, consolidation, stock purchase or otherwise), PROVIDED THAT:

(A) such agreement shall have been approved by an Independent Board Majority prior to the execution thereof by the Corporation;

(B) neither such Person nor its associates or affiliates shall have been the Excess Owner of any Excess Shares immediately prior to the execution of such agreement;

(C) the consummation of the transaction described in such agreement shall be subject to the approval of the holders of Capital Stock of the Corporation entitled to vote thereon under the WBCL or pursuant to other applicable law or the rules of the New York Stock Exchange, Inc. or any other national securities exchange or automated quotation system on which any of the Capital Stock shall then be listed or quoted; and

(D) neither such Person nor its associates or affiliates shall have made any acquisition of Capital Stock after the execution of such agreement other than pursuant to the terms of such agreement.

Anything herein to the contrary notwithstanding, a Person shall continue to be deemed to Beneficially Own, be the Beneficial Owner of, and have Beneficial Ownership of, such Person's Excess Shares which shall have been conveyed, or shall be deemed to have been conveyed, to the Share Escrow Agent in accordance with this Article V until such time as such Excess Shares shall have been sold by the Share Escrow Agent as provided in this Article V.

(c) "BCBSA" has the meaning set forth in Article IV hereof.

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(d) "CAPITAL STOCK" means shares (or any basic unit) of any class or series of any equity security, voting or non-voting, common or preferred, which the Corporation may at any time issue or be authorized to issue.

(e) "COMMON STOCK" has the meaning set forth in Section 1 of Article II hereof.

(f) "EXCESS OWNER" means a Person who Beneficially Owns Excess Shares.

(g) "EXCESS SHARES" means (i) with respect to any Institutional Investor, all the shares of Capital Stock Beneficially Owned by such Institutional Investor in excess of the Institutional Investor Ownership Limit, (ii) with respect to any Noninstitutional Investor, all the shares of Capital Stock Beneficially Owned by such Noninstitutional Investor in excess

of the Noninstitutional Investor Ownership Limit, and (iii) with respect to any Person, all the shares of Capital Stock Beneficially Owned by such Person in excess of the General Ownership Limit; PROVIDED, HOWEVER, that in the event the Excess Shares with respect to such Person results from the Beneficial Ownership of Capital Stock of such Person being aggregated with the Beneficial Ownership of Capital Stock of any other Person, then the number of Excess Shares with respect to such Person shall be allocated PRO RATA in proportion to each Person's total Beneficial Ownership (as calculated without giving effect to this Article V). All Excess Shares shall be deemed to be issued and outstanding shares of Capital Stock even when subject to or held pursuant to this Article V.

(h) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended or supplemented and any other federal law which the BCBSA shall reasonably judge to have replaced or supplemented the coverage of the Exchange Act.

(i) "FOUNDATION" means Wisconsin United for Health Foundation, Inc., a nonstock corporation organized under Chapter 181 of the Wisconsin Statutes.

(j) "GENERAL OWNERSHIP LIMIT" means any combination of shares of Capital Stock in any series or class (including Common Stock) that represents 20% of the ownership interest in the Corporation at the time of determination. Unless an Independent Board Majority otherwise determines pursuant to the authority granted in Section 15 of this Article V, the manner in which shares in different classes or series of Capital Stock shall be counted to determine the ownership interest represented by any particular combination of those shares of Capital Stock pursuant to clause (ii) above shall be the same manner prescribed by the BCBSA under the License Agreements. So long as Common Stock (carrying identical voting rights per share) shall be the only class of Capital Stock issued by the Corporation, the General Ownership Limit shall be irrelevant for purposes of this Article V because the Institutional Investor Ownership Limit shall exclusively determine whether any shares of Common Stock owned by any Institutional Investor constitute Excess Shares and the Noninstitutional Investor Ownership Limit shall exclusively determine whether any shares of Common Stock owned by any Noninstitutional Investor constitute Excess Shares. If, however, the Corporation were to issue a series of Preferred Stock or other class of Capital Stock other than Common Stock, then (i) shares Beneficially Owned by an Institutional Investor in excess of either the Institutional Investor Ownership Limit or the General Ownership Limit would constitute

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Excess Shares, and (ii) shares Beneficially Owned by a Noninstitutional Investor in excess of either the Noninstitutional Investor Ownership Limit or the General Ownership Limit would constitute Excess Shares.

(k) "INSTITUTIONAL INVESTOR" means any Person that is an entity or group identified in Rule 13d-1(b)(1)(ii) under the Exchange Act as constituted on June 1, 1997, PROVIDED THAT every filing made by such Person with the SEC under Regulation 13D-G (or any successor Regulation) under the Exchange Act with respect to such Person's Beneficial Ownership of Capital Stock by such Person shall have contained a certification identical to the one required by Item 10 of Schedule 13G constituted on June 1, 1997, or such other affirmation as shall be approved by the BCBSA and the Board of Directors.

(l) "INSTITUTIONAL INVESTOR OWNERSHIP LIMIT" means that number of shares of Capital Stock one share lower than the number of shares of Capital Stock which would represent 10% of the Voting Power of all shares of Capital Stock issued

and outstanding at the time of determination.

(m) "LICENSE AGREEMENTS" means the license agreements as constituted from time to time between the Corporation or any of its subsidiaries or affiliates and the BCBSA, including any and all addenda thereto, with respect to, among other things, the "Blue Cross" and "Blue Shield" names and marks.

(n) "NONINSTITUTIONAL INVESTOR" means any Person that is not an Institutional Investor.

(o) "NONINSTITUTIONAL INVESTOR OWNERSHIP LIMIT" means that number of shares of Capital Stock one share lower than the number of shares of Capital Stock which would represent 5% of the Voting Power of all shares of Capital Stock issued and outstanding at the time of determination.

(p) "ORIGINAL FOUNDATION SHARES" has the meaning set forth in Section 14 of this Article V.

(q) "OWNERSHIP LIMIT" means each of the General Ownership Limit, the Institutional Investor Ownership Limit and the Noninstitutional Investor Ownership Limit.

(r) "PERMITTED TRANSFEREE" means a Person whose acquisition of Capital Stock will not violate any Ownership Limit applicable to such Person.

(s) "PERSON" means any individual, firm, partnership, corporation, limited liability company, trust, association, joint venture or other entity, and shall include any successor (by merger or otherwise) or of any such entity.

(t) "REGISTRATION RIGHTS AGREEMENT" means that certain Registration Rights Agreement, between the Corporation, the Foundation, and Wisconsin BC Holdings LLC, a Wisconsin limited liability company, dated as of the effective date of the filing of these Amended and Restated Articles of Incorporation.

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(u) "SCHEDULE 13D" means a report on Schedule 13D under Regulation 13D-G under the Exchange Act and any report which may be required in the future under any requirements which the BCBSA shall reasonably judge to have any of the purposes served by Schedule 13D.

(v) "SCHEDULE 13G" means a report on Schedule 13G under Regulation 13D-G under the Exchange Act and any report which may be required in the future under any requirements which the BCBSA shall reasonably judge to have any of the purposes served by Schedule 13G.

(w) "SEC" means the United States Securities and Exchange Commission and any successor federal agency having similar powers.

(x) "SECURITIES ACT" means the Securities Act of 1933, as amended or supplemented, and any other federal law which the BCBSA shall reasonably judge to have replaced or supplemented the coverage of the Securities Act.

(y) "SHARE ESCROW AGENT" means the Person appointed by the Corporation to act as escrow agent with respect to the Excess Shares.

(z) "TRANSFER" means any of the following which would affect the Beneficial Ownership of Capital Stock: (a) any direct or indirect sale, transfer, gift,

hypothecation, pledge, assignment, devise or other disposition of Capital Stock (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Capital Stock, or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Capital Stock), whether voluntary or involuntary, whether of record, constructively or beneficially and whether by operation of law or otherwise, and (b) any other transaction or event, including without limitation a merger, consolidation, or acquisition of any Person, the expiration of a voting trust which is not renewed, or the aggregation of the Capital Stock Beneficially Owned by one Person with the Capital Stock Beneficially Owned by any other Person.

(aa) "VOTING POWER" means the voting power attributable to the shares of Capital Stock issued and outstanding at the time of determination and shall be equal to the number of all votes which could be cast in any election of any director which could be accounted for by all shares of Capital Stock issued and outstanding at the time of determination. If, in connection with an election for any particular position on the Board of Directors of the Corporation, shares in different classes or series are entitled to be voted together for purposes of such election, then in determining the number of "all votes which could be cast" in the election for that particular position for purposes of the preceding sentence, the number shall be equal to the number of votes which could be cast in the election for that particular position if all shares entitled to be voted in such election (regardless of series or class) were in fact voted in such election. For any particular Person, the Voting Power of such Person shall be equal to the quotient, expressed as a percentage, the numerator of which shall be the number of votes that could be cast with respect to shares of Capital Stock Beneficially Owned by such Person (including, for these purposes, (i) any Excess Shares Beneficially Owned by such Person and

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held and/or voted by the Escrow Share Agent, and (ii) any shares of Capital Stock Beneficially Owned by such Person, but not yet issued) and the denominator of which shall be (a) the total number of votes that could be cast by all shareholders of the Corporation (including such particular Person) based upon the issued and outstanding shares of Capital Stock at the time of determination plus (b) any shares of Capital Stock that have not been issued but which were counted in the determination of the numerator. If the Corporation shall issue any series or class of shares for which positions on the Board of Directors of the Corporation are reserved or shall otherwise issue shares which have voting rights which can arise or vary based upon terms governing that class or series, then the percentage of the voting power represented by the shares of Capital Stock Beneficially Owned by any particular Person shall be the highest percentage of the total votes which could be accounted for by those shares in any election of any director.

(bb) "VOTING TRUST AND DIVESTITURE AGREEMENT" means that certain Voting Trust and Divestiture Agreement among the Corporation, the Foundation, Wisconsin BC Holdings LLC, a Wisconsin limited liability company, and the trustee named therein, dated as of the effective date of the filing of these Amended and Restated Articles of Incorporation.

SECTION 2.

(a) No Institutional Investor shall Beneficially Own shares of Capital Stock in excess of the Institutional Investor Ownership Limit. No Noninstitutional Investor shall Beneficially Own shares of Capital Stock in

excess of the Noninstitutional Investor Ownership Limit. No Person shall Beneficially Own shares of Capital Stock in excess of the General Ownership Limit.

(b) The occurrence of any Transfer which would cause any Person to Beneficially Own Capital Stock in excess of any Ownership Limit applicable to such Person shall have the following legal consequences: (i) such Person shall receive no rights to the Excess Shares resulting from such Transfer (other than as specified in this Article V), and (ii) the Excess Shares resulting from such Transfer immediately shall be deemed to be conveyed to the Share Escrow Agent.

(c) Notwithstanding the foregoing, a Person's Beneficial Ownership of Capital Stock shall not be deemed to exceed any Ownership Limit applicable to such Person if (A) the Excess Shares with respect to such Person do not exceed the lesser of 1% of the Voting Power of the Capital Stock or 1% of the ownership interest in the Corporation, and (B) within fifteen (15) days of the time when such Person becomes aware of the existence of such Excess Shares, such Person transfers or otherwise disposes of sufficient shares of Capital Stock so that such Person's Beneficial Ownership of Capital Stock shall not exceed any Ownership Limit.

SECTION 3. Any Excess Owner who acquires or attempts to acquire shares of Capital Stock in violation of Section 2 of this Article V, or any Excess Owner who is a transferee such that any shares of Capital Stock are deemed Excess Shares, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request.

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SECTION 4. The Corporation shall have the right to take such actions as it deems necessary to give effect to the transfer of Excess Shares to the Share Escrow Agent, including refusing to give effect to the Transfer or any subsequent Transfer of Excess Shares by the Excess Owner on the books of the Corporation. Excess Shares so held or deemed held by the Share Escrow Agent shall be issued and outstanding shares of Capital Stock. An Excess Owner shall have no rights in such Excess Shares except as expressly provided in this Article V and the administration of the Excess Shares escrow shall be governed by the terms of an Excess Share Escrow Agreement to be entered into between the Corporation and the Share Escrow Agent and having such terms as the Corporation shall deem appropriate.

SECTION 5. The Share Escrow Agent, as record holder of Excess Shares, shall be entitled to receive all dividends and distributions as may be declared by the Board of Directors of the Corporation with respect to Excess Shares (the "EXCESS SHARE DIVIDENDS") and shall hold the Excess Share Dividends until disbursed in accordance with the provisions of Section 9 of this Article V. In the event an Excess Owner receives any Excess Share Dividends (including without limitation Excess Share Dividends received prior to the time the Corporation determines that Excess Shares exist with respect to such Excess Owner), such Excess Owner shall repay such Excess Share Dividends to the Share Escrow Agent or the Corporation. The Corporation shall take all measures that it determines reasonably necessary to recover the amount of any Excess Share Dividends paid to an Excess Owner, including, if necessary, withholding any portion of future dividends or distributions payable on shares of Capital Stock Beneficially Owned by any Excess Owner (including future dividends or distributions on shares of Capital Stock which fall below the Ownership Limit as well as on Excess Shares), and, as soon as practicable following the Corporation's receipt or withholding

thereof, shall pay over to the Share Escrow Agent the dividends so received or withheld, as the case may be.

SECTION 6. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of, or any distribution of the assets of, the Corporation, the Share Escrow Agent shall be entitled to receive, ratably with each other holder of Capital Stock of the same class or series, that portion of the assets of the Corporation that shall be available for distribution to the holders of such class or series of Capital Stock. The Share Escrow Agent shall distribute to the Excess Owner the amounts received upon such liquidation, dissolution, winding up or distribution in accordance with the provisions of Section 9 of this Article V.

SECTION 7. The Share Escrow Agent shall be entitled to vote all Excess Shares. The Share Escrow Agent shall vote, consent, or assent Excess Shares as follows:

(a) to vote in favor of each nominee to the Board of Directors of the Corporation whose nomination has been approved by an Independent Board Majority and to vote against any candidate for the Board of Directors of the Corporation for whom no competing candidate has been nominated or selected by an Independent Board Majority;

(b) unless such action is initiated by or with the consent of the Board of Directors of the Corporation, (i) to vote against removal of any director of the Corporation, (ii) to vote against any alteration, amendment, change or addition to or repeal (collectively, "CHANGE") of

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the Bylaws or these Articles of Incorporation, (iii) not to nominate any candidate to fill any vacancy of the Board of Directors of the Corporation, (iv) not to call any special meeting of the shareholders of the Corporation, and (v) not take any action by voting such Excess Shares that would be inconsistent with or would have the effect, directly or indirectly, of defeating or subverting the voting requirements contained in Section 7(a) of this Article V or this Section 7(b) of Article V;

(c) to the extent not covered by clauses (a) and (b) above, on any action, proposal or resolution requiring the approval of the Board of Directors of the Corporation as a prerequisite to entitle the shareholders of the Corporation to vote thereon and as a prerequisite to become effective, to vote in the same proportion as all other votes represented by shares of Capital Stock are cast with respect to such action, proposal or resolution; and

(d) to the extent not covered by clauses (a), (b) and (c) above, to vote as recommended by the Board of Directors of the Corporation.

SECTION 8.

(a) The Share Escrow Agent shall hold all Excess Shares until such time as they are sold in accordance with this Section 8 of Article V.

(b) The Share Escrow Agent shall sell or cause the sale of Excess Shares at such time or times and on such terms as shall be determined by the Corporation. The Share Escrow Agent shall have the right to take such actions as the Corporation shall deem appropriate to ensure that sales of Excess Shares shall be made only to Permitted Transferees.

(c) The Share Escrow Agent shall have the power to convey to the purchaser of any Excess Shares sold by the Share Escrow Agent ownership of such Excess Shares free of any interest of the Excess Owner of those Excess Shares and free of any other adverse interest arising through the Excess Owner. The Share Escrow Agent shall be authorized to execute any and all documents sufficient to transfer title to any Permitted Transferee.

(d) Upon acquisition by any Permitted Transferee of any Excess Shares sold by the Share Escrow Agent or the Excess Owner, such shares shall upon such sale cease to be Excess Shares and shall become regular shares of Capital Stock in the class or series to which such Excess Shares otherwise belong, and the purchaser of such shares shall acquire such shares free of any claims of the Share Escrow Agent or the Excess Owner.

(e) To the extent permitted by the WBCL or other applicable law, neither the Corporation, the Share Escrow Agent nor anyone else shall have any liability to the Excess Owner or anyone else by reason of any action or inaction the Corporation or the Share Escrow Agent or any director, officer or agent of the Corporation shall take which any of them shall in good faith believe to be within the scope of their authority under this Article V or by reason of any decision as to when or how to sell any Excess Shares or by reason of any other action or inaction in connection with the activities permitted under this Article V which does not constitute gross negligence or willful misconduct. Without limiting by implication the scope of

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the preceding sentence, to the extent permitted by law, neither the Share Escrow Agent nor the Corporation nor any director, officer or agent of the Corporation (a) shall have any liability on grounds that any of them failed to take actions which would or could have produced higher proceeds for any of the Excess Shares or by reason of the manner or timing for any disposition of any Excess Shares, and (b) shall be deemed to be a fiduciary or agent of any Excess Owner.

SECTION 9. The proceeds from the sale of the Excess Shares and any Excess Share Dividends shall be distributed as follows: (i) FIRST, to the Share Escrow Agent for any costs and expenses incurred in respect of its administration of the Excess Shares that have not theretofore been reimbursed by the Corporation; (ii) SECOND, to the Corporation for all costs and expenses incurred by the Corporation in connection with the appointment of the Share Escrow Agent, the payment of fees to the Share Escrow Agent with respect to the services provided by the Share Escrow Agent in respect of the escrow and for any other direct or indirect and out of pocket expenses incurred by the Corporation in connection with the Excess Shares, including any litigation costs and expenses, and all funds expended by the Corporation to reimburse the Share Escrow Agent for costs and expenses incurred by the Share Escrow Agent in respect of its administration of the Excess Shares and for all fees, disbursements and expenses incurred by the Share Escrow Agent in connection with the sale of the Excess Shares; and (iii) THIRD, the remainder thereof (as the case may be) to the Excess Owner; PROVIDED, HOWEVER, if the Corporation shall have any questions as to whether any security interest or other interest adverse to the Excess Owner shall have existed with respect to any Excess Shares, neither the Share Escrow Agent, the Corporation nor anyone else shall have the obligation to disburse proceeds for those shares until the Share Escrow Agent shall be provided with such evidence as the Corporation shall deem necessary to determine the parties who shall be entitled to such proceeds.

SECTION 10. Each certificate for Capital Stock shall bear the following legend:

"The shares of stock represented by this certificate are subject to restrictions on ownership and transfer. All capitalized terms in this legend have the meanings ascribed to them in the Corporation's Articles of Incorporation, as the same may be amended from time to time, a copy of which, including the restrictions on ownership and transfer, shall be sent without charge to each shareholder who so requests. No Person shall Beneficially Own shares of Capital Stock in excess of any Ownership Limit applicable to such Person. Subject to certain limited specific exemptions, (i) Beneficial Ownership of that number of shares of Capital Stock by an Institutional Investor which would represent 10% or more of the Voting Power would exceed the Institutional Investor Ownership Limit, (ii) Beneficial Ownership of that number of shares of Capital Stock by a Noninstitutional Investor which would represent 5% or more of the Voting Power would exceed the Noninstitutional Investor Ownership Limit, and (iii) Beneficial Ownership of any combination of shares in any series or class of Capital Stock (including Common Stock) that represents 20% or more of the ownership interest in the Corporation (determined as provided in the

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Corporation's Articles of Incorporation) would exceed the General Ownership Limit. Any Person who attempts to Beneficially Own shares of Capital Stock in violation of this limitation must immediately notify the Corporation. Upon the occurrence of any event that would cause any Person to exceed any Ownership Limit applicable to such Person (including without limitation the expiration of a voting trust that entitled such Person to an exemption from any Ownership Limit applicable to such Person), all shares of Capital Stock Beneficially Owned by such Person in excess of any Ownership Limit applicable to such Person shall automatically be deemed Excess Shares and shall be transferred immediately to the Share Escrow Agent and shall be subject to the provisions of the Corporation's Articles of Incorporation. The foregoing summary of the restrictions on ownership and transfer is qualified in its entirety by reference to the Corporation's Articles of Incorporation."

The legend may be amended from time to time to reflect amendments to these Articles of Incorporation, or revisions to the Ownership Limits in accordance with Section 15 of this Article V.

SECTION 11. Subject to Section 12 of this Article V, nothing contained in this Article V or in any other provision of these Articles of Incorporation shall limit the authority of the Corporation to take such other action (not specifically prohibited by these Articles of Incorporation) as it deems necessary or advisable to protect the Corporation and the interests of its shareholders.

SECTION 12. Nothing contained in these Articles of Incorporation shall preclude the settlement of any transactions entered into through the facilities of the New York Stock Exchange, Inc. or any other exchange or through the means of any automated quotation system now or hereafter in effect.

SECTION 13. Except in the case of manifest error, any interpretation of this Article V by the Board of Directors of the Corporation shall be conclusive and binding; PROVIDED, HOWEVER, that in making any such interpretation, the Board of Directors of the Corporation shall consider, wherever relevant, the

Corporation's obligations to the BCBSA.

SECTION 14. This Article V shall not be applicable with respect to any shares of Capital Stock (i) Beneficially Owned by the Foundation which were issued by the Corporation ("Original Foundation Shares"), or (ii) acquired by the Foundation with respect to Original Foundation Shares as a result of a stock dividend, stock split, conversion, recapitalization, exchange of shares or the like, so long as such shares of Capital Stock shall be Beneficially Owned by the Foundation or by a trustee for the account of the Foundation and subject to the terms of the Voting Trust and Divestiture Agreement, PROVIDED, HOWEVER, that the legend set forth in Section 10 of this Article V shall be placed on all shares of Capital Stock issued to the Foundation at any time. Upon the Transfer of any Beneficial Ownership interest in any Original Foundation Shares (and such other shares of Capital Stock received by the Foundation or by a trustee for the account of the Foundation as a result of a stock dividend, stock split, conversion, recapitalization, exchange of shares or the like relating to such Original

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Foundation Shares) from the Foundation or trustee thereof or the voting trust established by the Voting Trust and Divestiture Agreement to any transferee, those shares of Capital Stock shall become fully subject to this Article V from and at all times after such Transfer. Additionally, this Article V shall not be applicable with respect to any shares of Capital Stock Beneficially Owned by a wholly owned subsidiary of the Corporation.

SECTION 15. In the event the Corporation issues any series or class of Capital Stock other than Common Stock, then an Independent Board Majority shall have the power to determine the manner in which each class or series of Capital Stock shall be counted for purposes of determining each Ownership Limit.

ARTICLE VI BYLAWS

SECTION 1. The Bylaws shall govern the business and affairs of the Corporation, the rights and powers of the directors, officers, employees and shareholders of the Corporation in accordance with its terms and shall govern the rights of all persons concerned relating in any way to the Corporation except that if any provision in the Bylaws shall be irreconcilably inconsistent with any provision in these Articles of Incorporation, the provision in these Articles of Incorporation shall control.

SECTION 2. The Board of Directors of the Corporation shall have the power to amend or replace the Bylaws of the Corporation by the vote of a majority of the whole Board of Directors of the Corporation, except that the approval of an Independent Board Majority shall be required to amend or replace any provision of the Bylaws of the Corporation which, pursuant to the terms thereof, may now or hereafter require the approval of an Independent Board Majority. The shareholders of the Corporation shall not have the power to Change (as defined in Section 7 of Article V hereof) the Bylaws of the Corporation unless such Change shall be approved by the holders of at least seventy-five percent (75%) of the then issued and outstanding shares of Common Stock entitled to vote thereon. Notwithstanding anything contained in this Article VI to the contrary, for so long as the Foundation Beneficially Owns twenty percent (20%) or more of the issued and outstanding shares of Capital Stock, any amendment to the Bylaws of the Corporation shall be subject to the prior review and approval of the Office of the Commissioner of Insurance before such amendment shall be given

full force and effect.

ARTICLE VII
NO PREFERENTIAL RIGHTS

No shareholder of the Corporation shall, by reason of his, her or its holding shares of any class or series, have any preemptive or preferential rights to purchase or subscribe to any shares of Capital Stock of the Corporation now or hereafter to be authorized, or any notes, debentures, bonds or other securities convertible into or carrying options or warrants to purchase shares of any class now or hereafter to be authorized (whether or not the issuance of any such shares or such notes, debentures, bonds or other securities would adversely affect the dividend or voting rights of such shareholder) other than such rights, if any, as the Board of

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Directors of the Corporation in its discretion from time to time may grant and at such price as the Board of Directors of the Corporation may fix; and the Board of Directors of the Corporation may issue shares of Capital Stock of the Corporation or any notes, debentures, bonds or other securities, convertible into or carrying options or warrants to purchase shares of Capital Stock without offering any such shares of Capital Stock, either in whole or in part, to the existing shareholders.

ARTICLE VIII
NO CUMULATIVE VOTING

There shall be no cumulative voting by shareholders of any class or series of Capital Stock in the election of directors of the Corporation.

ARTICLE IX
BOOKS AND RECORDS

The books and records of the Corporation may be kept (subject to any provision contained in the WBCL or other applicable law) at such place or places as may be designated from time to time by the Board of Directors of the Corporation or in the Bylaws of the Corporation.

ARTICLE X
RIGHT TO AMEND ARTICLES OF INCORPORATION

The Corporation reserves the right to Change (as defined in Section 7 of Article V hereof) any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by the WBCL or other applicable law and these Articles of Incorporation, and all rights conferred upon shareholders herein are granted subject to this reservation; PROVIDED, HOWEVER, that notwithstanding anything contained in these Articles of Incorporation to the contrary, (a) the approval of an Independent Board Majority shall be required for the Board of Directors to approve and authorize any Change to Sections 1, 3, 4, 5, 6, 7, 10 and 11 of Article III, Article IV, Article V, Article VI, Article VIII, or this Article X, and (b) the affirmative vote of the holders of at least seventy-five percent (75%) of the then issued and outstanding shares of Common Stock entitled to vote thereon shall be required to Change Sections 1, 3, 4, 5, 6, 7, 10, and 11 of Article III, Article IV, Article V, Article VI, Article VIII, and this Article X (the "SUPERMAJORITY SHAREHOLDER VOTE") and PROVIDED FURTHER, HOWEVER, that (i) the Supermajority Shareholder Vote shall become unnecessary and shall be of no further force and effect with respect to a Change

to Article V hereof in the event that each and every License Agreement to which the Corporation shall be subject shall have been terminated; and (ii) the Supermajority Shareholder Vote shall not apply to (1) any Change to Article V to conform Article V hereof to a change to the terms of any License Agreement, (2) any Change to Article V hereof required or permitted by the BCBSA (whether or not constituting a change to the terms of any License Agreement), or (3) any Change to Article V hereof approved by an Independent Board Majority in connection with a proposal to acquire (by means of a merger, consolidation or otherwise) all of the outstanding Capital Stock of the Corporation. The affirmative vote of the holders of at least the percentage of the issued and

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outstanding Capital Stock entitled to vote thereon required by the WBCL or other applicable law shall be required to Change any provisions of these Articles of Incorporation that shall not require the Supermajority Shareholder Vote under this Article X. Notwithstanding anything contained in this Article X to the contrary, for so long as the Foundation Beneficially Owns twenty percent (20%) or more of the issued and outstanding shares of Capital Stock, any amendment to these Articles of Incorporation shall be subject to the prior review and approval of the Office of the Commissioner of Insurance before such amendment shall be given full force and effect.

ARTICLE XI
REGISTERED AGENT

The address of the registered office of the corporation in the state of Wisconsin is 401 West Michigan Street, Milwaukee, WI 53202. The name of its registered agent at such address is Thomas R. Hefty.

This instrument was drafted by and is returnable to:

Geoffrey R. Morgan
Michael Best & Friedrich LLP
100 East Wisconsin Avenue, Suite 3300
Milwaukee, WI 53202-4108
(414) 271-6560

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AMENDED AND RESTATED
BYLAWS
OF
COBALT CORPORATION
(a Wisconsin corporation)

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AMENDED AND RESTATED
BYLAWS
OF
COBALT CORPORATION
(a Wisconsin corporation)

ARTICLE I. OFFICES

1.01. PRINCIPAL AND BUSINESS OFFICES. The corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the corporation may require from time to time.

1.02. REGISTERED OFFICE. The registered office of the corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical with the principal office in the State of Wisconsin, and the address of the registered office may be changed from time to time by the Board of Directors or by the registered agent. The business office of the registered agent of the corporation shall be identical to such registered office.

ARTICLE II. SHAREHOLDERS

2.01. ANNUAL MEETING. The Annual Meeting of the shareholders shall be held at the principal office of the Corporation in the City of Milwaukee, Milwaukee County, Wisconsin, unless the Board of Directors shall designate another location either within or without the State of Wisconsin. The Annual Meeting shall take place on the last Wednesday of May each year or at such other time and date as may be fixed by or under the authority of the Board of Directors. If the day fixed for the Annual Meeting shall be a legal holiday in the State of Wisconsin, such meeting shall be held on the next succeeding business day. At such meeting the Shareholders shall elect Directors and transact such other business as shall lawfully come before them.

2.02. SPECIAL MEETINGS. Special meetings of shareholders may be called only by the Chairman of the Board, the President, an Independent Board Majority (as defined in Section 4.B.3 of Article III of the Articles of Incorporation), or any other party specifically mandated by the Wisconsin Business Corporation Law. The Chairman of the Board, the President, or an Independent Board Majority, as the case may be, shall have the right to determine the business to be transacted at any special meeting and no issue or matter may be acted upon by any shareholders at any special meeting unless such issue or matter has been approved by the Board of Directors for vote by shareholders at such meeting,

unless Wisconsin law specifically authorizes such action by the shareholders without the assent of the Board of Directors.

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2.03. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Wisconsin, as the place of meeting for any annual or special meeting of shareholders. If no designation is made, the place of meeting shall be the principal office of the Corporation. Any meeting may be adjourned to reconvene at any place designated by vote of a majority of the shares represented thereat.

2.04. NOTICE OF MEETING. Written notice stating the date, time and place of any meeting of shareholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than sixty days before the date of the meeting (unless a different time is provided by the Wisconsin Business Corporation Law or the Articles of Incorporation), either personally or by mail, by or at the direction of the President or the Secretary, to each shareholder of record entitled to vote at such meeting and to such other persons as required by the Wisconsin Business Corporation Law. If mailed, such notice shall be deemed to be effective when deposited in the United States mail, addressed to the shareholder at his or her address as it appears on the stock record books of the Corporation, with postage thereon prepaid. If an annual or special meeting of shareholders is adjourned to a different date, time or place, the Corporation shall not be required to give notice of the new date, time or place if the new date, time or place is announced at the meeting before adjournment; PROVIDED, HOWEVER, that if a new record date for an adjourned meeting is or must be fixed, the Corporation shall give notice of the adjourned meeting to persons who are shareholders as of the new record date.

2.05. WAIVER OF NOTICE. A shareholder may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, contain the same information that would have been required in the notice under applicable provisions of the Wisconsin Business Corporation Law (except that the time and place of meeting need not be stated) and be delivered to the Corporation for inclusion in the corporate records. A shareholder's attendance at a meeting, in person or by proxy, waives objection to all of the following: (a) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting; and (b) consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.06. FIXING OF RECORD DATE. The Board of Directors may fix in advance a date as the record date for the purpose of determining shareholders entitled to notice of and to vote at any meeting of shareholders, shareholders entitled to take any other action, or shareholders for any other purpose. Such record date shall not be more than seventy days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed by the Board of Directors or by the Wisconsin Business Corporation Law for the determination of shareholders entitled to notice of and to vote at a meeting of shareholders, the record date shall be the close of business on the day before the first notice is given to shareholders. Except as provided by the Wisconsin Business Corporation Law for a court-ordered adjournment, a

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determination of shareholders entitled to notice of and to vote at a meeting of shareholders is effective for any adjournment of such meeting unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. The record date for determining shareholders entitled to a distribution (other than a distribution involving a purchase, redemption or other acquisition of the Corporation's shares) or a share dividend is the date on which the Board of Directors authorized the distribution or share dividend, as the case may be, unless the Board of Directors fixes a different record date.

2.07. SHAREHOLDERS LIST FOR MEETINGS. After a record date for a special or annual meeting of shareholders has been fixed, the Corporation shall prepare a list of the names of all of the shareholders entitled to notice of the meeting. The list shall be arranged by class or series of shares, if any, and show the address of and number of shares held by each shareholder. Such list shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing to the date of the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder or his or her agent may, on written demand, inspect and, subject to the limitations imposed by the Wisconsin Business Corporation Law, copy the list, during regular business hours and at his or her expense, during the period that it is available for inspection pursuant to this Section 2.07. The Corporation shall make the shareholders list available at the meeting and any shareholder or his or her agent or attorney may inspect the list at any time during the meeting or any adjournment thereof. Refusal or failure to prepare or make available the shareholders list shall not affect the validity of any action taken at a meeting of shareholders.

2.08. QUORUM AND VOTING REQUIREMENTS.

(a) Shares entitled to vote as a separate voting group as defined in the Wisconsin Business Corporation Law may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Unless the Articles of Incorporation or the Wisconsin Business Corporation Law provide otherwise, a majority of the votes entitled to be cast on the matter by a voting group constitutes a quorum of that voting group for action on that matter. Once a share is represented for any purposes at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists, for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned or postponed meeting. If a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or the Wisconsin Business Corporation Law require a greater number of affirmative votes. "Voting group" means: (a) All shares of one or more classes or series that under the Articles of Incorporation or the Wisconsin Business Corporation Law are entitled to vote and be counted together collectively on a matter at a meeting of shareholders; or (b) All shares that under the Articles of Incorporation or the Wisconsin Business Corporation Law are entitled to vote generally on a matter. Though less than a quorum of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the

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meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

(b) Each director shall be elected by a plurality of the votes cast by the shares entitled to vote in the election of directors at a meeting at which a quorum is present. Cumulative voting is not permitted with respect to the election of directors, and thus no shareholder entitled to vote in the election of directors shall have the right to cast as many votes in the aggregate as shall equal the number of votes held by the shareholder in the Corporation, multiplied by the number of directors to be elected at the election, for one candidate, or distribute them among two or more candidates.

2.09. CONDUCT OF MEETING. The Chairman of the Board, or in the Chairman's absence, the President, and in his or her absence, a Vice President as is designated by the Board of Directors, shall call the meeting of the shareholders to order and shall act as chairman of the meeting, and the Secretary of the Corporation shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.10. PROXIES. At all meetings of shareholders, a shareholder entitled to vote may vote in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by his or her attorney-in-fact. Such proxy appointment is effective when received by the Secretary before or at the time of the meeting. Unless otherwise provided in the appointment form of proxy, a proxy appointment may be revoked by the shareholder at any time before it is voted, either by written notice filed with the Secretary or the acting Secretary of the meeting or by oral notice given by the shareholder to the presiding officer during the meeting. The presence of a shareholder who has filed his or her proxy appointment shall not of itself constitute a revocation. No proxy appointment shall be valid after eleven months from the date of its execution, unless otherwise provided in the appointment form of proxy. The Board of Directors shall have the power and authority to make rules establishing presumptions as to the validity and sufficiency of proxy appointments.

2.11. VOTING OF SHARES. Except as provided in the Articles of Incorporation or in the Wisconsin Business Corporation Law, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a meeting of shareholders.

2.12. NO ACTION WITHOUT MEETING. No action required or permitted to be taken at any annual or special meeting of shareholders of the Corporation may be taken by written consent without a meeting of such shareholders.

2.13. VOTING OF SHARES BY CERTAIN HOLDERS.

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(a) OTHER CORPORATIONS. Shares standing in the name of another corporation may be voted either in person or by proxy, by the president of such corporation or any other officer appointed by such president. An appointment form of proxy executed by any principal officer of such other corporation or assistant thereto

shall be conclusive evidence of the signer's authority to act, in the absence of express notice to the Corporation given in writing to the Secretary, or the designation of some other person by the board of directors or by the bylaws of such other corporation.

(b) **LEGAL REPRESENTATIVES AND FIDUCIARIES.** Shares held by an administrator, executor, guardian, conservator, trustee in bankruptcy, receiver or assignee for creditors may be voted by him, her or it either in person or by proxy, without a transfer of such shares into his, her or its name, provided that there is filed with the Secretary before or at the time of meeting proper evidence of his, her or its incumbency and the number of shares held by him, her or it either in person or by proxy. An appointment form of proxy executed by a fiduciary shall be conclusive evidence of the signer's authority to act, in the absence of express notice to the Corporation, given in writing to the Secretary, that such manner of voting is expressly prohibited or otherwise directed by the document creating the fiduciary relationship.

(c) **PLEDGEES.** A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred; provided, however, a pledgee shall be entitled to vote shares held of record by the pledgor if the Corporation receives acceptable evidence of the pledgee's authority to sign.

(d) **TREASURY STOCK AND SUBSIDIARIES.** Neither treasury shares, nor shares held by another corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by the Corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares entitled to vote, but shares of its own issue held by the Corporation in a fiduciary capacity, or held by such other corporation in a fiduciary capacity, may be voted and shall be counted in determining the total number of outstanding shares entitled to vote.

(e) **MINORS.** Shares held by a minor may be voted by such minor in person or by proxy and no such vote shall be subject to disaffirmance or avoidance, unless prior to such vote the Secretary has received written notice or has actual knowledge that such shareholder is a minor. Shares held by a minor may be voted by a personal representative, administrator, executor, guardian or conservator representing the minor if evidence of such fiduciary status, acceptable to the Corporation, is presented.

(f) **INCOMPETENTS AND SPENDTHRIFTS.** Shares held by an incompetent or spendthrift may be voted by such incompetent or spendthrift in person or by proxy and no such vote shall be subject to disaffirmance or avoidance, unless prior to such vote the Secretary has actual knowledge that such shareholder has been adjudicated an incompetent or spendthrift or

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actual knowledge of judicial proceedings for appointment of a guardian. Shares held by an incompetent or spendthrift may be voted by a personal representative, administrator, executor, guardian or conservator representing the minor if evidence of such fiduciary status, acceptable to the Corporation, is presented.

(g) **JOINT TENANTS.** Shares registered in the names of two or more individuals who are named in the registration as joint tenants may be voted in person or by proxy signed by any one or more of such individuals if either (i) no other such individual or his or her legal representative is present and

claims the right to participate in the voting of such shares or prior to the vote files with the Secretary a contrary written voting authorization or direction or written denial of authority of the individual present or signing the appointment form of proxy proposed to be voted, or (ii) all such other individuals are deceased and the Secretary has no actual knowledge that the survivor has been adjudicated not to be the successor to the interests of those deceased.

2.14. SHAREHOLDER PROPOSALS.

(a) Shareholders shall be entitled to submit proposals to be voted upon by shareholders at an annual meeting of the Corporation provided that they comply with the procedures set forth in this Section 2.14. Only those proposals which satisfy all requirements specified in this Section 2.14 shall be deemed "QUALIFIED SHAREHOLDER PROPOSALS."

(b) In order for a proposal to constitute a "Qualified Shareholder Proposal," all of the following requirements must be satisfied:

(1) The proposal must be made for submission at an annual meeting of shareholders;

(2) The proposal must be a proper subject for shareholder action. The Board of Directors shall be entitled to determine that any proposal which the shareholder is not entitled to have included in the Corporation's proxy statement for the annual meeting under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), and the regulations issued by the Securities and Exchange Commission (which are collectively referred to herein as the "SEC PROXY RULES") is not a proper subject for shareholder action;

(3) The proposal must be made by a shareholder who shall be the record holder on the record date for such annual meeting and at that meeting of shares entitled to be voted for the proposal (a "PROPOSING SHAREHOLDER");

(4) The Proposing Shareholder must deliver a written notice identifying such proposal to the office of the Corporation's Corporate Secretary at the Corporation's principal place of business which provides the information

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required by these Bylaws which is timely under the standards given in Section 3.04(e)(4) of these Bylaws;

(5) Such Proposing Shareholder's proposal notice shall: (i) contain a description of the proposal, the reasons for the proposal and any material interest in such proposal by the Proposing Shareholder or the beneficial owner of the shareholder's record shares; (ii) contain an affirmation by the Proposing Shareholder that the shareholder satisfies the requirements specified in this Section 2.14 for presentation of such proposal; and (iii) as to the Proposing Shareholder and the beneficial owner, if any, on whose behalf the proposal is made (x) the name and address of such Proposing Shareholder, as they appear on the Corporation's books, and of such beneficial owner and the telephone number at which each may be contacted during normal business hours through the time for which the meeting is scheduled, and (y) the class and number of shares of the Corporation which are owned beneficially and of record by such Proposing Shareholder and such beneficial owner; and

(6) The Proposing Shareholder and the beneficial owner shall provide

such other information as any officer of the Corporation shall reasonably deem relevant within such time limits as any officer of the Corporation shall reasonably impose for such information.

(c) Nothing in these Bylaws shall be deemed to prohibit a shareholder from including any proposals in the Corporation's proxy statement to the extent such inclusion shall be required by the SEC Proxy Rules or to lessen any obligation by any shareholder to comply with the SEC Proxy Rules; PROVIDED, HOWEVER, that neither the fact that a shareholder's nominee qualifies as a Qualified Candidate (as defined in Section 3.04 of these Bylaws) nor the fact that a Proposing Shareholder's proposal qualifies as a Qualified Shareholder Proposal under this Section 2.14 shall obligate the Corporation to endorse that candidate or proposal or (except to the extent required by the SEC Proxy Rules) to provide a means to vote on that proposal on proxy cards solicited by the Corporation or to include information about that proposal in the Corporation's proxy statement. To the extent this Section 2.14 shall be deemed by the Board of Directors or the Securities and Exchange Commission, or adjudged by a court of competent jurisdiction, to be inconsistent with the rights of shareholders to request inclusion of a proposal in the Corporation's proxy statement pursuant to the SEC Proxy Rules, the SEC Proxy Rules shall prevail.

2.15 INVALIDITY. The Chairman of the Board, upon recommendation of the Secretary, may reject a vote, consent, waiver or proxy appointment, if the Secretary or other Officer or agent of the Corporation who is authorized to tabulate votes, acting in good faith, has reasonable doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder. The Corporation and its Officer or agent who accepts or rejects a vote, consent, waiver or proxy appointment in good faith and in accordance with the Wisconsin

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Business Corporation Law shall not be liable for damages to the shareholders for consequences of the acceptance or rejection.

ARTICLE III. BOARD OF DIRECTORS

3.01. GENERAL POWERS AND NUMBER. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation managed under the direction of, the Board of Directors. The number of directors of the Corporation shall initially be nine (9) and thereafter such number as may be determined from time to time by an Independent Board Majority, provided that such number shall be no fewer than three (3) and no more than nine (9).

3.02. DIVISION OF THE BOARD OF DIRECTORS INTO CLASSES. The Board of Directors shall be divided into three classes in accordance with the Articles of Incorporation. The positions within each class shall be the same in number as reasonably practicable. Directors within a given class shall be designated as the "Class of [Year]" with the entry for "Year" being the year in which the next triennial election for directors in that class is scheduled to occur.

3.03 BOARD OF DIRECTORS' POWER TO ALTER THE NUMBER OF DIRECTORS AND THE SIZE OF CLASSES. The Board of Directors shall have the power (within the limitations prescribed by the Articles of Incorporation) by a resolution adopted by an Independent Board Majority at the time of such adoption to alter at any time and from time to time (i) the total number of directorship positions on the Board of Directors, and (ii) the number of directorship positions in any of the

three classes of directors established by the Articles of Incorporation. Except as otherwise expressly provided in the Articles of Incorporation, from the adoption of any particular resolution in the manner provided in the preceding sentence until the adoption in the manner prescribed by the preceding sentence of any subsequent resolution altering the results of the particular resolution, (i) the total number of directorship positions on the Board of Directors shall be equal to the number specified in the particular resolution, and (ii) the number of directorship positions in each of the three classes of directors established by the Articles of Incorporation shall be the number established in the particular resolution.

3.04 ELECTION OF DIRECTORS BY SHAREHOLDERS.

(a) Qualified Candidates (as defined below in this Section 3.04) for election as directors at any meeting of the shareholders of the Corporation shall be elected by plurality vote. (Under plurality voting, if five positions on the Board of Directors were up for election at any particular shareholders' meeting, then the five Qualified Candidates who receive more votes than any other Qualified Candidates shall be deemed elected at that meeting. It shall not, therefore, be necessary for election to the Board of Directors that a candidate receive a majority of the votes comprising the quorum for the meeting so long as the individual receives a number of votes sufficient for election under the terms hereof.)

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(b) Only Qualified Candidates may be elected to the Board of Directors at any particular shareholders' meeting. Votes cast in favor of an individual who is not a Qualified Candidate shall not be effective to elect that individual to the Board of Directors regardless of whether (i) that individual receives a greater number of votes than Qualified Candidates who are elected to the Board of Directors under the preceding provisions of this Section 3.04 or (ii) no other individual receives any votes at that meeting.

(c) An individual shall be deemed a "QUALIFIED CANDIDATE" for election to the Board of Directors at any particular shareholders' meeting if that individual (i) shall have been nominated for election by the affirmative vote of an Independent Board Majority or shall have been nominated for election in a manner which satisfies all of the requirements specified in Section 3.04(e) hereof, and (ii) is not disqualified under the provisions of Section 3.04(d) hereof.

(d) The term "NON-INDEPENDENT CANDIDATE," as used with respect to any particular election of directors, means an individual who satisfies the conditions of clause (i) of Section 3.04(c) hereof but who does not qualify as an "Independent Director" as defined in Section 4.B.1 of Article III of the Articles of Incorporation. In the event that, in any particular election of directors, some but not all of the Non-Independent Candidates for director at such election may be eligible for election to the Board of Directors pursuant to Section 4.A of Article III of the Articles of Incorporation, then the Non-Independent Candidates shall be treated as Qualified Candidates until all positions available for Non-Independent Candidates at such election pursuant to Section 4.A of Article III of the Articles of Incorporation shall have been elected in the manner set forth in this Section 3.04. The remaining Non-Independent Candidates shall, in accordance with Section 3.04(b), be deemed to not be Qualified Candidates.

(e) An individual who is not nominated for election by the affirmative

vote of an Independent Board Majority, and who would otherwise qualify as a Qualified Candidate as provided in Sections 3.04(c) and 3.04(d) hereof, shall be a Qualified Candidate if all of the following requirements are satisfied:

(1) The nomination must be made for an election to be held at an annual meeting of shareholders or a special meeting of shareholders in which the Board of Directors has determined that candidates will be elected by the issued and outstanding shares of the Corporation's common stock to one or more positions on the Board of Directors;

(2) The individual must be nominated by a shareholder who shall be the record owner on the record date for such meeting and at that meeting of shares entitled to be voted at that meeting for the election of directors (a "NOMINATING SHAREHOLDER");

(3) The Nominating Shareholder must deliver a timely written nomination notice to the office of the Corporation's Corporate Secretary at the

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Corporation's principal place of business which provides the information required by this Section 3.04(e);

(4) To be timely for an annual meeting, a Nominating Shareholder's notice must be actually delivered to the Corporate Secretary at the Corporation's principal place of business not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; PROVIDED, HOWEVER, that: (i) if the date of the annual meeting is more than 30 days before or more than 30 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation, and (ii) if the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 70 days prior to the first anniversary of the preceding year's annual meeting, a Nominating Shareholder's nominating notice required by this Section 3.04(e) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if (x) the Nominating Shareholder shall have nominated candidates in accordance with the requirements in this Section 3.04(e) for all Board of Directors positions not covered by such increase, and (y) the nomination notice for candidates to fill the expanded positions shall be actually delivered to the Corporate Secretary at the Corporation's principal place of business not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation;

(5) If the election is to be held at a special shareholders' meeting, a Nominating Shareholder's nominating notice required by this Section 3.04(e) shall be considered timely for such meeting if it shall be actually delivered to the Corporate Secretary at the Corporation's principal place of business not later than the close of business on the 10th day following the day on which the Corporation shall first publicly announce the date of the special meeting and that a vote by shareholders shall be taken at such

meeting to elect one or more directors;

(6) In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a Nominating Shareholder's notice as described above. "PUBLIC ANNOUNCEMENT" means, for these purposes, disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act;

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(7) Such Nominating Shareholder's nomination notice shall: (i) set forth as to each person whom the Nominating Shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act; (ii) be accompanied by each nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (iii) set forth the name and address of the shareholder giving the notice and the beneficial owner of the shares owned of record by the beneficial owner, and the telephone number at which the Corporation will be able to contact the shareholder, the beneficial owner and each nominee during usual business hours during the period through the meeting at which the nomination is to take place; and (iv) set forth the class and number of shares of the Corporation which are owned beneficially and of record by such Nominating Shareholder and such beneficial owner;

(8) The Nominating Shareholder, the beneficial owner and each nominee shall provide such other information as any officer of the Corporation shall reasonably deem relevant within such time limits as any officer of the Corporation shall reasonably impose for such information.

3.05. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after the annual meeting of shareholders and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of shareholders which precedes it, or such other suitable place as may be announced at such meeting of shareholders. The Board of Directors shall provide, by resolution, the date, time and place, either within or without the State of Wisconsin, for the holding of additional regular meetings of the Board of Directors without other notice than such resolution.

3.06. SPECIAL MEETINGS. Special Meetings of the Board of Directors shall be held whenever called by the Chairman of the Board or the Secretary upon written request of any three Directors. The Secretary shall give sufficient notice of such meeting, to be not less than 48 hours, in person or by mail, telephone, telegraph, teletype, facsimile or other form of wire or wireless communication as to enable the Directors so notified to attend such meeting. The Chairman of the Board or Secretary who calls the meeting may fix any place, within or without the State of Wisconsin, as the place for holding any Special Meeting of the Board of Directors.

3.07. NOTICE; WAIVER. Notice of each special meeting of the Board of Directors shall be given by written notice delivered or communicated in person, by telegraph, teletype, facsimile or other form of wire or wireless communication, or by mail or private carrier, to each director at his business

address or at such other address as such director shall have designated in writing filed with the Secretary, in each case not less than forty-eight hours prior to the meeting.

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The notice need not prescribe the purpose of the special meeting of the Board of Directors or the business to be transacted at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be effective when the telegram is delivered to the telegraph company. If notice is given by private carrier, such notice shall be deemed to be effective when delivered to the private carrier. If notice is given by facsimile, such notice shall be deemed to be effective when so given. Whenever any notice whatever is required to be given to any director of the Corporation under the Articles of Incorporation or these Bylaws or any provision of the Wisconsin Business Corporation Law, a waiver thereof in writing, signed at any time, whether before or after the date and time of meeting, by the director entitled to such notice shall be deemed equivalent to the giving of such notice. The Corporation shall retain any such waiver as part of the permanent corporate records. A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.08. QUORUM. Except as otherwise provided by the Wisconsin Business Corporation Law or by the Articles of Incorporation or these Bylaws, a majority of the number of directors specified in Section 3.01 of these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. Except as otherwise provided by the Wisconsin Business Corporation Law or by the Articles of Incorporation or by these Bylaws, a quorum of any committee of the Board of Directors created pursuant to Section 3.14 hereof shall consist of a majority of the number of directors appointed to serve on the committee. A majority of the directors present (though less than such quorum) may adjourn any meeting of the Board of Directors or any committee thereof, as the case may be, from time to time without further notice.

3.09. MANNER OF ACTING. The affirmative vote of a majority of the directors present at a meeting of the Board of Directors or a committee thereof at which a quorum is present shall be the act of the Board of Directors or such committee, as the case may be, unless the Wisconsin Business Corporation Law, the Articles of Incorporation or these Bylaws require the vote of a greater number of directors.

3.10. CONDUCT OF MEETINGS. The Chairman of the Board, or in the Chairman's absence, the President, and in his or her absence, a Vice President as is designated by the Board of Directors, shall call meetings of the Board of Directors to order and shall act as chairman of the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors but in the absence of the Secretary, the presiding officer may appoint any other person present to act as secretary of the meeting. Minutes of any regular or special meeting of the Board of Directors shall be prepared and distributed to each director.

3.11. VACANCIES. Neither the provisions of Section 3.04 nor any other provision set forth herein shall diminish the right granted to the Board of Directors to elect individuals to fill any vacancy which shall occur for any

reason as provided in the Articles of Incorporation; provided,

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however, any vacancy shall be filled in accordance with the provisions of Article III, Section 4 in the Articles of Incorporation.

3.12. COMPENSATION. The Board of Directors, irrespective of any personal interest of any of its members, may establish reasonable compensation of all directors for services to the Corporation as directors, officers or otherwise, or may delegate such authority to an appropriate committee. The Board of Directors also shall have authority to provide for or delegate authority to an appropriate committee to provide for reasonable pensions, disability or death benefits, and other benefits or payments, to directors, officers and employees and to their estates, families, dependents or beneficiaries on account of prior services rendered by such directors, officers and employees to the Corporation.

3.13. PRESUMPTION OF ASSENT. A director who is present and is announced as present at a meeting of the Board of Directors or any committee thereof created in accordance with Section 3.14 hereof, when corporate action is taken, assents to the action taken unless any of the following occurs: (a) the director objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting business at the meeting; (b) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (c) the director delivers written notice that complies with the Wisconsin Business Corporation Law of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. Such right of dissent or abstention shall not apply to a director who votes in favor of the action taken.

3.14. COMMITTEES.

(a) REGULAR COMMITTEES

1. GENERAL DESCRIPTION. In order to facilitate the work of the Board of Directors, the following regular committees shall be elected from the membership of the Board of Directors at the regular meeting of the Board of Directors held each year (or at such other time as the Board of Directors may determine):

Executive Committee
 Finance Committee
 Management Review Committee
 Audit Committee
 Nominating Committee

Each regular committee shall have three to six members; provided, however, the Nominating Committee shall be comprised of three members, one of which shall satisfy the definition of being an "independent public shareholder representative." For purposes of these Bylaws, each of Messrs. Richard Abdo, Barry Allen and Dr. William Rupp shall be deemed to satisfy the definition of being an "independent

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public shareholder representative." The provisions setting forth the

composition of the Nominating Committee in this paragraph shall sunset at such time as Wisconsin United for Health Foundation, Inc. no longer beneficially owns 20% or more of the issued and outstanding capital stock of the corporation. Except as specifically set forth above, for purposes of these Bylaws including the selection of nominees under Section 3.14(a)6.(iv), the term "independent public shareholder representative" means:

Any person who the Nominating Committee determines, in its discretion, is qualified to represent the interests of the public shareholders of the corporation, who has been approved by the "independent public shareholder representative" on the Nominating Committee, and who is not any of the following:

- (i) A current or a former officer, director, or employee of Blue Cross & Blue Shield United of Wisconsin or any of its affiliates.
- (ii) A current or former significant vendor of Blue Cross & Blue Shield United of Wisconsin or any of its affiliates, as determined in the discretion of the Nominating Committee.
- (iii) A current or former officer, director, or employee of a significant vendor of Blue Cross & Blue Shield United of Wisconsin or any of its affiliates, unless, as determined in the discretion of the Nominating Committee, the status does not present a material conflict of interest.
- (iv) Currently and materially affiliated with an officer, director or employee of Blue Cross & Blue Shield United of Wisconsin, any of its affiliates, or any significant vendor for any one of them, as determined in the discretion of the Nominating Committee.
- (v) Formerly and materially affiliated with an officer, director or employee of Blue Cross & Blue Shield United of Wisconsin, any of its affiliates, or any significant vendor for any one of them, unless, as determined in the discretion of the Nominating Committee, the former status does not present a material conflict of interest.

For the purpose of this paragraph 3.14(a)1., "affiliate" means: an affiliate as defined in s. 600.03 (1), Wis. Stats.

No member of the Management Review Committee, the Audit Committee or the Nominating Committee may be an employee of the Corporation. The Chairman of the Board, and in the Chairman's absence the President, and in their absence, such Vice President as is designated by the Board of Directors, shall submit nominations

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for such regular committee memberships. Regular committee members shall hold office until the next Board of Directors meeting at which the regular committee elections are conducted in accordance with these Bylaws, and until their successors are elected and qualified. Each regular committee of the Board of Directors may exercise the authority of the full Board of Directors when the Board of Directors is not in session and solely with regard to and within the scope of the duties and powers delegated to it in these Bylaws, except that no committee of the Board shall do any of the following:

- (i) Authorize distributions;
- (ii) Approve or propose to shareholders action that the Wisconsin Business Corporation Law requires be approved by shareholders;
- (iii) Fill vacancies on the Board of Directors or, except as provided herein, on any of its committees;
- (iv) Amend the Articles of Incorporation;
- (v) Adopt, amend or repeal these Bylaws;
- (vi) Approve a plan of merger not requiring shareholder approval;
- (vii) Authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; or
- (viii) Authorize or approve the issuance or sale or contract for sale of shares or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee or a senior executive officer to do so within limits prescribed by the Board of Directors.

2. THE EXECUTIVE COMMITTEE. The Executive Committee shall:

- (i) Approve long range corporate and strategic plans, including plans for any major borrowing or capital raising programs;
- (ii) Advise and consult with management on corporate policies regarding reserving, reinsurance and other liabilities;
- (iii) Approve the annual operating plan;

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(iv) Approve major changes in policy affecting new services and programs; and

(v) Carry out such special assignments as the Board of Directors may, from time to time, give to the Executive Committee.

3. THE FINANCE COMMITTEE. The Finance Committee shall:

- (i) Approve investment policies and plans;
- (ii) Authorize and approve the investment of funds of the Corporation;
- (iii) Consult with management regarding real estate, accounts receivable and other assets;
- (iv) Determine the amount and types of all insurance that should be carried by the Corporation and authorize the purchase

thereof;

(v) Advise and consult with the management in the selection of the carriers of such insurance;

(vi) Advise and consult with management on corporate tax policy; and

(vii) Carry out such special assignments as the Board of Directors may, from time to time, give to the Finance Committee.

4. THE MANAGEMENT REVIEW COMMITTEE. The Management Review Committee shall:

(i) Evaluate senior management (corporate officers) performance against objectives;

(ii) Approve senior management development programs;

(iii) Approve the Corporation's compensation policy, including making recommendations and decisions on any bonuses or incentive plans, and establish the annual compensation for the Chairman of the Board;

(iv) Make recommendation to the Board for types, methods and levels of Directors' compensation;

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(v) Administer the compensation plans for the Officers, Directors and key employees; and

(vi) Carry out such special assignments as the Board of Directors may, from time to time, give to the Management Review Committee.

5. THE AUDIT COMMITTEE. The Audit Committee shall:

(i) Select and engage independent certified public accountants to audit the books, records and financial transactions of the Corporation;

(ii) Review with the independent accountants the scope of their examination, with particular emphasis on the areas to which either the Audit Committee or the independent accountants believe special attention should be directed. The Audit Committee may have the independent accountants perform such additional procedures as the Audit Committee or the auditors deem necessary;

(iii) Review and approve an annual plan for the financial audit (internal audit) department;

(iv) Review with the independent accountants the financial statements and auditors' reports thereon;

(v) Review the management letter of the independent accountants and audit reports by the Corporation's internal auditors to assure that appropriate action has been taken by senior management

as to each item recommended;

(vi) Encourage the independent accountants and the internal auditors to communicate directly with the Chairman of the Board and the President or, if necessary, the Chairman of the Audit Committee whenever any significant recommendation has not been satisfactorily resolved at the senior management level;

(vii) Review conflict of interest statements to assure the Board of Directors that any conflict of interest has been duly reported to and reviewed by the Audit Committee;

(viii) Review and approve all related party transactions; and

(ix) Carry out such special assignments as the Board of Directors may, from time to time, give to the Audit Committee.

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6. THE NOMINATING COMMITTEE. The Nominating Committee shall:

(i) Recommend to the Board prior to the annual shareholders' meeting each year's nominees for election to the Board, subject to the terms of subparagraph (iv) below;

ii) Recommend to the Board prior to the annual Board meeting nominees for election as corporate officers and Chairman of the Board (Chief Executive Officer);

(iii) Carry out such special assignments as the Board of Directors may, from time to time, give to the Nominating Committee; and

(iv) In the event that, in any particular election of directors, Non-Independent Candidates (as defined in Section 3.04(d) of these Bylaws) would be eligible for election to the Board of Directors pursuant to Section 4.A of Article III of the Articles of Incorporation, then the Nominating Committee shall recommend to the Board, prior to the annual shareholders' meeting for inclusion on the proxy for such election, nominees for such positions who are "independent public shareholder representatives" as defined under Section 3.14(a)1. The Board of Directors shall include on the proxy for such election for such a position only a nominee recommended by the Nominating Committee as meeting the definition of "independent public shareholder representative." The provisions of this subsection 6.(iv) shall sunset at such time as Wisconsin United for Health Foundation, Inc. no longer beneficially owns 20% or more of the issued and outstanding capital stock of the corporation.

(b) SPECIAL COMMITTEES. In addition to the regular committees, the Board of Directors may, from time to time, establish special committees and specify the composition, functions and authority of any special committee.

(c) VACANCIES; TEMPORARY ASSIGNMENTS. When, for any cause, a vacancy occurs in a regular committee, the remaining committee members, by majority vote, may fill such vacancy by a temporary appointment of a Director not on the subject committee to fill the vacancy until the next meeting of the

Board of Directors, at which time the Board of Directors may fill the vacancy.

(d) **COMMITTEE MINUTES AND REPORTS.** All of the foregoing committees shall keep minutes and records of all of their meetings and activities and shall report the same to the Board of Directors at its next regular meeting. Such minutes and records shall be available for inspection by the Board of Directors at all times.

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3.15. TELEPHONIC MEETINGS. To the extent provided herein and notwithstanding any place set forth in the notice of the meeting or these Bylaws, members of the Board of Directors (and any committees thereof created pursuant to Section 3.14 hereof) may participate in regular or special meetings by, or through the use of, any means of communication by which all participants may simultaneously hear each other, such as by conference telephone. If a meeting is conducted by such means, then at the commencement of such meeting the presiding officer shall inform the participating directors that a meeting is taking place at which official business may be transacted. Any participant in a meeting by such means shall be deemed present in person at such meeting.

3.16. ACTION WITHOUT MEETING. Any action required or permitted by the Wisconsin Business Corporation Law to be taken at a meeting of the Board of Directors or a committee thereof created pursuant to Section 3.14 hereof may be taken without a meeting if the action is taken by all members of the Board or of the committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director or committee member and retained by the Corporation. Such action shall be effective when the last director or committee member signs the consent, unless the consent specifies a different effective date.

ARTICLE IV. OFFICERS

4.01. NUMBER. The principal officers of the Corporation shall be a Chairman of the Board (Chief Executive Officer), a President, one or more Vice Presidents, a Secretary, and a Treasurer. The Board of Directors shall elect the principal officers annually at the regular meeting. All officers shall hold office for a period of one year and until their successors are duly elected and qualified, or until their prior death, resignation or removal. Each officer has the authority and shall perform the duties set forth in these Bylaws or, to the extent not inconsistent with these Bylaws, the duties prescribed by the Board of Directors or by the direction of an officer authorized by the Bylaws or by the Board of Directors to prescribe the duties of other officers.

4.02. REMOVAL. Any officer or agent may be removed by the Board of Directors with or without cause whenever, in its judgment, the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

4.03. VACANCIES. A vacancy in any principal office because of death, resignation, removal, or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term. The Board of Directors may, from time to

time, omit to elect one or more officers, or may omit to fill a vacancy, and in such case, the designated duties of such officer, unless otherwise provided in these Bylaws, shall be discharged by the Chairman of the Board or such other officer as he or she may designate.

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4.04 CHAIRMAN OF THE BOARD. The Chairman of the Board, who shall also be the Chief Executive Officer, shall preside at all meetings of the shareholders and of the Board of Directors.

4.05. PRESIDENT. The President shall have general supervision of the business and affairs of the Corporation. The President may sign and execute all authorized bonds, notes, checks, contracts, deeds, mortgages, instruments of assignment or pledge or other obligations of the Corporation in the name of the Corporation.

4.06. THE VICE PRESIDENTS. Should the Chairman of the Board or the President be absent or unable to act, the Board of Directors shall designate one or more Vice Presidents or other officer(s) to discharge the duties of the vacant office with the same power and authority as is vested in that office. The Vice Presidents shall perform such other duties as from time to time may be assigned to them by the President or the Board of Directors.

4.07. THE SECRETARY. The Secretary shall keep a record of the minutes of the meetings of the shareholders and of the Board of Directors. He or she shall countersign all instruments and documents executed by the Corporation, affix to instruments and documents the seal of the Corporation when necessary or required, keep in books therefor the transactions of the Corporation, see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law and perform such other duties as usually are incident to such office or may be assigned by the Chairman of the Board, the President or the Board of Directors.

4.08. THE TREASURER. The Treasurer, subject to the control of the Board of Directors, shall collect, receive, and safely keep all monies, funds and securities of the Corporation and attend to all pecuniary affairs. He or she shall keep full and complete accounts and records of all its transactions, of sums owing to or by the Corporation and all rents and profits in its behalf.

4.09. ASSISTANTS AND ACTING OFFICERS. The Chairman of the Board, the President and the Board of Directors shall have the power to appoint any person to act as assistant to any officer, or as agent for the Corporation in the officer's stead, or to perform the duties of such officer whenever for any reason it is impracticable for the officer to act personally, and the assistant or acting officer or other agent so appointed by the Chairman of the Board, the President and the Board of Directors shall have the power to perform all the duties of the office to which he or she is so appointed to be an assistant, or as to which he or she is so appointed to act, except as such power otherwise may be defined or restricted by the Chairman of the Board, the President or the Board of Directors.

4.10. SALARIES. The salaries of the principal officers shall be fixed from time to time by the Board of Directors or by a duly authorized committee thereof and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director of the Corporation.

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ARTICLE V. FUNDS OF THE CORPORATION

5.01. FUNDS. All funds of the Corporation shall be deposited or invested as may be authorized from time to time by the Board of Directors or appropriate committee under authorization of the Board of Directors.

5.02. NAME. All investments and deposits of funds of the Corporation shall be made and held in its corporate name, except that securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of such bank or banking and trust company and except that securities may be acquired and held in bearer form.

5.03. LOANS. All loans contracted on behalf of the Corporation and all evidences of indebtedness that are issued in the name of the Corporation shall be under the authority of a resolution of the Board of Directors. Such authorization may be general or specific.

5.04. DISBURSEMENTS. All monies of the Corporation shall be disbursed by check, draft or written order only, and all checks and orders for the payment of money shall be signed by such Officer or Officers as may be designated by the Board of Directors. The Officers and employees of the Corporation handling funds and securities of the Corporation shall give surety bonds in such sums as the Board of Directors or appropriate committee may require.

5.05. PROHIBITED TRANSACTIONS. No Director or Officer of the Corporation shall borrow money from the Corporation or receive any compensation for selling, aiding in the sale, negotiating for the sale of any property belonging to the Corporation or for negotiating any loan for or by the Corporation.

5.06. VOTING OF SECURITIES OWNED BY THE CORPORATION. Subject always to the directions of the Board of Directors:

(a) Any shares or other securities issued by any other corporation and owned or controlled by the Corporation may be voted at any meeting of security holders of such other corporation by the Chairman of the Board, the President or, in their absence, any Vice President of the Corporation who may be present and designated by the Board of Directors; and

(b) Whenever, in the judgment of the Chairman of the Board, the President or, in their absence, a designated Vice President, it is desirable for the Corporation to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by the Corporation, such proxy or consent shall be executed in the name of the Corporation by the Chairman of the Board, the President or a designated Vice President of

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the Corporation in the order as provided in Section 4.06 hereof, without necessity of any authorization by the Board of Directors, affixation of

corporate seal or countersignature or attestation by another Officer. Any person or persons designated in the manner above stated as the proxy or proxies of the Corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by the Corporation the same as such shares or other securities might be voted by the Corporation.

ARTICLE VI. CERTIFICATES FOR SHARES; TRANSFER OF SHARES

6.01. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form, consistent with law, as shall be determined by the Board of Directors. Such Certificates shall be signed by the Chairman of the Board, the President or a Vice President and the Secretary or by another Officer designated by the Chairman of the Board, the President or the Board of Directors. All Certificates shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. All Certificates surrendered to the Corporation for transfer shall be canceled and no new Certificate shall be issued until the former Certificate for a like number of shares shall have been surrendered and canceled, except as provided in Section 6.06 hereof.

6.02. FACSIMILE SIGNATURES AND SEAL. The seal of the Corporation, if any, on any Certificates may be a facsimile. The signature of the Chairman of the Board, the President or other authorized Officer upon a Certificate may be a facsimile if the Certificate is manually signed on behalf of a transfer agent or a registrar, other than the Corporation itself or an employee of the Corporation.

6.03. SIGNATURE BY FORMER OFFICERS. If any Officer who has signed or whose facsimile signature has been placed upon any Certificate shall have ceased to be an Officer before such Certificate is issued, it may be issued by the Corporation with the same effect as if he or she were an Officer at the date of its issue.

6.04. TRANSFER OF SHARES. Prior to due presentment of a certificate for shares for registration of transfer the Corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to have and exercise all the rights and power of an owner. Where a certificate for shares is presented to the Corporation with a request to register for transfer, the Corporation shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the Corporation had no duty to inquire into adverse claims or has discharged any such duty. The Corporation may require reasonable assurance that such endorsements are genuine and effective and compliance with such other regulations as may be prescribed by or under the authority of the Board of Directors.

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6.05. RESTRICTIONS ON TRANSFER. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction imposed by the Corporation upon the transfer of such shares.

6.06. LOST, DESTROYED OR STOLEN CERTIFICATES. Where the owner claims that certificates for shares have been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the Corporation has notice that such shares have been acquired by a bona fide purchaser, (b) files with the Corporation a sufficient indemnity bond if required by the Board of Directors or any principal officer, and (c) satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

6.07. CONSIDERATION FOR SHARES. The shares of the Corporation may be issued for such consideration as shall be fixed from time to time by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration to be received for shares may consist of any tangible or intangible property or benefit to the Corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the Corporation. When the Corporation receives the consideration for which the Board of Directors authorized the issuance of shares, the shares issued for that consideration are fully paid and nonassessable, except as provided by Section 180.0622(2)(b) of the Wisconsin Business Corporation Law, or any successor statute, which may require further assessment for unpaid wages to employees under certain circumstances. The Corporation may place in escrow shares issued for a contract for future services or benefits or a promissory note, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed, the benefits are received or the note is paid. If the services are not performed, the benefits are not received or the note is not paid, the Corporation may cancel, in whole or in part, the shares escrowed or restricted and the distributions credited.

6.08. UNCERTIFICATED SHARES. In accordance with Section 180.0626 of the Wisconsin Business Corporation Law, or any successor statute, the Board of Directors may issue any shares of any of its classes or series without Certificates. The authorization does not affect shares already represented by Certificates unless the Certificates are surrendered to the Corporation. Within a reasonable time after the issuance or transfer of shares without Certificates, the Corporation shall send the Shareholder a written statement of the information required on share certificates by Sections 180.0625 and 180.0627, or any successor statutes, if applicable, of the Wisconsin Business Corporation Law, and by these Bylaws. The Corporation shall maintain at its offices or at the office of its transfer agent, an original or duplicate stock transfer book containing the names and addresses of all shareholders and the number of shares held by each shareholder. If the shares are uncertificated, the Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Wisconsin.

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6.09. STOCK REGULATIONS. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with law as it may deem expedient concerning the issue, transfer and registration of shares of the Corporation.

ARTICLE VII. FISCAL YEAR

7.01. FISCAL YEAR. The fiscal year of the Corporation shall be set by the Board of Directors.

ARTICLE VIII. SEAL

8.01. The Board of Directors may provide a corporate seal which may be circular in form and may have inscribed thereon the name of the Corporation and the state of incorporation and the words "Corporate Seal."

ARTICLE IX. INDEMNIFICATION AND LIABILITY
OF OFFICERS AND DIRECTORS

9.01. INDEMNIFICATION.

(a) Any person, or such person's estate or personal representative, made or threatened with being made a party to any action, suit, arbitration, or proceeding (civil, criminal, administrative, or investigative, whether formal or informal), which involves foreign, federal, state or local law, by reason of the fact that such person is or was a Director or Officer of the Corporation or of any corporation or other enterprise for which he or she served at the Corporation's request as a director, officer, partner, trustee, member of any decision-making committee, employee, or agent, shall be indemnified by the Corporation for all reasonable expenses incurred in the proceeding to the extent he or she has been successful on the merits or otherwise.

(b) In cases where a person described in Paragraph (a) of this Section is not successful on the merits or otherwise, the Corporation shall indemnify such person against liability and reasonable expenses incurred by him or her in any such proceeding, unless liability was incurred because the person breached or failed to perform a duty he or she owed to the Corporation and the breach or failure to perform constituted any of the following:

(1) A willful failure to deal fairly with the Corporation or its shareholders in connection with a matter in which the Director or Officer had a material conflict of interest;

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(2) A violation of criminal law, unless the Director or Officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful;

(3) A transaction from which the Director or Officer derived an improper personal profit; or

(4) Willful misconduct.

(c) The determination whether indemnification shall be required under Paragraph (b) of this Section shall be made according to one of the following methods selected by the Director or Officer:

(1) By a majority vote of a quorum of the Board of Directors consisting of Directors who are not at the time parties to the same or related proceedings. If a quorum of such disinterested Directors cannot be obtained, by majority vote of a committee duly appointed by the Board of Directors and consisting solely of two or more Directors who are not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee;

(2) By independent legal counsel selected by a quorum of the Board of Directors or its committee in the manner prescribed in paragraph (1) of this Section or, if unable to obtain such a quorum or committee, by a majority vote of the Board of Directors, including Directors who are parties to the same or related proceedings; or

(3) By the court conducting the proceedings or another court of competent jurisdiction, either on application by the Director or Officer for an initial determination or on application for review of an adverse determination under Clause (1) or (2) of this paragraph (c).

(d) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the Director or Officer is not required.

(e) A Director or Officer who seeks indemnification under this Section shall make a written request to the Corporation.

(f) Upon written request by a Director or Officer who is a party to a proceeding described in Paragraph (a) of this Section, the Corporation may pay or reimburse his or her reasonable expenses as incurred if the Director or Officer provides the Corporation with all of the following:

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(1) A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the Corporation; and

(2) A written undertaking, executed personally or on his or her behalf, to repay the allowance and reasonable interest thereon, to the extent that it is ultimately determined under Clause (1) or (2) of Paragraph (c) of this Section, that indemnification is not required or to the extent that indemnification is not ordered by a court under Clause (3) of Paragraph (c) of this Section. The undertaking under this Clause (2) shall be an unlimited general obligation of the Director or Officer, may be accepted without reference to his or her ability to repay the allowance and may be secured or unsecured.

(g) Paragraphs (a) through (f) of this Section shall also apply where a person or such person's estate or personal representative is made or threatened with being made a party to any proceeding described in Paragraph (a) of this Section by reason of the fact that such person is or was an employee of the Corporation, except that in addition to the categories of conduct set forth in Paragraph (b) of this Section in relation to which the

Corporation has no duty to indemnify, the Corporation also shall have no duty to indemnify the employee against liability and reasonable expenses incurred by him or her in any such proceeding if liability was incurred because the person breached or failed to perform a duty he or she owed to the Corporation and the breach or failure to perform constituted material negligence or material misconduct in performance of the employee's duties to the Corporation.

(h) Unless a Director or Officer of the Corporation has knowledge that makes reliance unwarranted, a Director or Officer, in discharging his or her duties to the Corporation, may rely on information, opinions, reports or statements, any of which may be written or oral, formal or informal, including financial statements and other financial data, if prepared or presented by any of the following:

(1) An Officer or employee of the Corporation whom the Director or Officer believes in good faith to be reliable and competent in the matters presented;

(2) Legal counsel, public accountants or other persons as to matters the Director or Officer believes in good faith are within the person's professional or expert competence; or

(3) In the case of reliance by a Director, a committee of the Board of Directors of which the Director is not a member if the Director believes in good faith that the committee merits confidence.

This Paragraph (h) does not apply to the liability of a Director for improper declaration of dividends, distribution of assets, corporate purchase of its own shares, distribution of assets to Shareholders during liquidation, corporate loans made to an Officer or Director under Wisconsin Business Corporation Law Section 180.0832(1) or the reliance of a Director on

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financial information represented as correct by Officers or independent or certified public accountants under Wisconsin Business Corporation Law Section 180.0826.

(i) In discharging his or her duties to the Corporation and in determining what he or she believes to be in the best interest of the Corporation, a Director or Officer may, in addition to considering the effects of any action on Shareholders, consider the following:

(1) The effects of the action on employees, suppliers and customers of the Corporation;

(2) The effects of the action on communities in which the Corporation operates; or

(3) Any other factor the Director or Officer considers pertinent.

9.02. LIMITED LIABILITY OF DIRECTORS AND OFFICERS TO THE CORPORATION AND SHAREHOLDERS.

(a) Except as provided in Paragraph (b) of this Section, a Director or Officer is not liable to the Corporation, its shareholders or any person

asserting rights on behalf of the Corporation or shareholders, for damages, settlements, fees, fines, penalties or other monetary liabilities arising from a breach of, or failure to perform, any duty resulting solely from his or her status as a Director, unless the person asserting liability proves that the breach or failure to perform constitutes any of the following:

(1) A willful failure to deal fairly with the Corporation or Shareholders in connection with a matter in which the Director or Officer had a material conflict of interest;

(2) A violation of criminal law, unless the Director or Officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful;

(3) A transaction from which the Director or Officer derived an improper personal profit; or

(4) Willful misconduct.

(b) This Section does not apply to the liability of a Director or Officer for improper declaration of dividends, distribution of assets, corporate purchase of its own shares, or distribution of assets to shareholders during liquidation, or for corporate loans made to an Officer or Director under Wisconsin Business Corporation Law Section 180.0832(1).

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ARTICLE X. AMENDMENTS

10.01. AMENDMENTS OF BYLAWS.

(a) The Board of Directors shall have the power to amend these Bylaws by the vote of a majority of the directors present at a meeting at which a quorum is then present except that any amendment to Sections 2.02, 2.08(b), 2.12, 2.14, 3.02, 3.04, 10.01, 10.02 or Article IX of these Bylaws shall require the approval of an Independent Board Majority.

(b) The holders of the Corporation's capital stock shall not have the power to amend or replace these Bylaws in whole or in part unless such amendment or replacement shall be approved by the holders of at least seventy-five percent (75%) of the issued and outstanding shares of Common Stock of the Corporation.

(c) Notwithstanding anything contained in this Article X to the contrary, for so long as the Foundation Beneficially Owns twenty percent (20%) or more of the issued and outstanding shares of Capital Stock as contemplated under the provisions of the Articles of Incorporation, any amendment to these Bylaws shall be subject to the prior review and approval of the Office of the Commissioner of Insurance before such amendment shall be given full force and effect.

10.02. INCONSISTENT PROVISIONS. The Board of Directors shall have the authority to interpret these Bylaws and to resolve any question or issue which may arise under these Bylaws. Whenever possible, each provision of these Bylaws shall be interpreted in such manner as to be valid and enforceable under applicable law and the provision of the Articles of Incorporation, but if any provision of these Bylaws shall be held to be prohibited by or unenforceable

under or to be in irreconcilable conflict with applicable law or the Articles of Incorporation, (i) such provision shall be applied to accomplish the objectives of the provision as originally written to the fullest extent permitted by law, and (ii) all other provisions of these Bylaws shall remain in full force and effect.

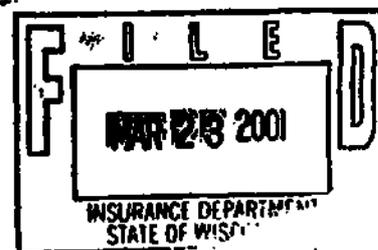
ARTICLE XI. DEFINITIONS

11.01. DEFINITIONS. Those capitalized terms which remain undefined herein shall be accorded the definition for such terms in the Articles of Incorporation.

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**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF**



**BLUE CROSS & BLUE SHIELD UNITED OF WISCONSIN
(a Wisconsin Insurance Corporation)**

The undersigned, Blue Cross & Blue Shield United of Wisconsin (the "Corporation"), a service insurance corporation organized under Chapter 613 of the Wisconsin Statutes, acting pursuant to Wis. Stat. § 613.75 to convert into a stock insurance corporation under Chapter 611 of the Wisconsin Statutes, hereby adopts the following Amended and Restated Articles of Incorporation for the Corporation which supersede and take the place of the existing Articles of Incorporation of the Corporation and any amendments thereto:

ARTICLE 1: The name of the Corporation is Blue Cross & Blue Shield United of Wisconsin.

ARTICLE 2: The purpose for which this Corporation is organized is to engage in any lawful activity within the purposes for which insurance corporations may be organized under the provisions of Chapter 611 of the Wisconsin Statutes.

ARTICLE 3: The aggregate number of shares which the Corporation shall have authority to issue is Ten Million (10,000,000) shares, consisting of one class only, designated as "Common Stock," of the par value of \$1.00 per share.

ARTICLE 4: The number of directors constituting the Board of Directors of the Corporation shall be fixed by or in the manner provided by the Bylaws. The general powers, number and requirements for nomination of directors shall be as set forth in Articles II and III of the Bylaws of the Corporation (and as such sections shall exist or be amended from time to time).

ARTICLE 5: The address of the registered office of the Corporation is 401 West Michigan Street, Milwaukee, WI 53202 and the name of its registered agent at such address is Thomas R. Hefty.

ARTICLE 6: The Bylaws of the Corporation may provide for a greater or lower quorum requirement or a greater voting requirement for shareholders or voting groups of shareholders than is provided by the Wisconsin Insurance Code.

ARTICLE 7: Any action required or permitted to be taken at a meeting of the Corporation's shareholders may be taken without a meeting by shareholders who would be entitled to vote at a meeting those shares with voting power to cast not less than the minimum number or, in the case of voting by voting groups, numbers of votes that would be necessary to

authorize or take the action at a meeting at which all shares entitled to vote were present and voted. Any action so taken must be evidenced by one or more written consents describing the action taken, signed by the number of shareholders necessary to take the action and delivered to the Corporation for inclusion in the corporate records. Within ten days after such action is effective, the Corporation shall give notice of such action to the shareholders of the Corporation who, as of the date that the first shareholder signed such written consent, were entitled to vote on such action and whose shares were not represented on the written consent.

ARTICLE 8: The Corporation reserves the right to supplement, amend or repeal any provision contained in these Amended and Restated Articles of Incorporation, in the manner now or hereafter prescribed by the laws of the State of Wisconsin, and all rights conferred on shareholders herein are granted subject to this reservation.

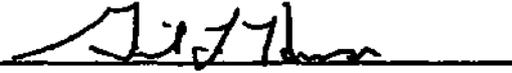
CERTIFICATE

I, Thomas R. Hefty, do hereby certify that the foregoing Amended and Restated Articles of Incorporation contain amendments to the existing Articles of Incorporation of the Corporation which were adopted and approved by the Board of Directors and the members of the Corporation as part of the overall approval of the plan of conversion of the Corporation under Chapter 613 of the Wisconsin Statutes.

Executed on behalf of the Corporation this 23rd day of March, 2001.

**BLUE CROSS & BLUE SHIELD UNITED
OF WISCONSIN**

By: 
Name: Thomas R. Hefty
Title: President

Attest: 
Name: Gail L. Hanson
Title: Sr. Vice President, Chief
Financial Officer, Treasurer

This instrument was drafted by Joseph C. Branch of Foley & Lardner.

Please return to:

Joseph C. Branch
Foley & Lardner
777 East Wisconsin Avenue
Suite 3400
Milwaukee, Wisconsin 53202-5367



**State of Wisconsin
Office of the Commissioner of Insurance
P O Box 7873
Madison, Wisconsin 53703-7873**

Certification of the Authenticity of Copy of Document on File

The Commissioner of Insurance of the State of Wisconsin certifies that the attached copy of

AMENDED AND RESTATED ARTICLES OF INCORPORATION

For BLUE CROSS & BLUE SHIELD UNITED OF WISCONSIN

is a true and correct copy of the original now on file with the Office of the Commissioner of Insurance.

Dated at Madison, Wisconsin, this 23rd day of March, 2001.

Connie O'Connell
**Connie O'Connell
Commissioner of Insurance**

FOLEY & LARDNER **COPY**

CHICAGO
DENVER
JACKSONVILLE
LOS ANGELES
MADISON
MILWAUKEE
ORLANDO

ATTORNEYS AT LAW
FIRST STAR CENTER
777 EAST WISCONSIN AVENUE
MILWAUKEE, WISCONSIN 53202-5367
TELEPHONE (414) 271-2400
FACSIMILE (414) 297-4900

SACRAMENTO
SAN DIEGO
SAN FRANCISCO
TALLAHASSEE
TAMPA
WASHINGTON, D.C.
WEST PALM BEACH

WRITER'S DIRECT LINE
(414) 297-5840

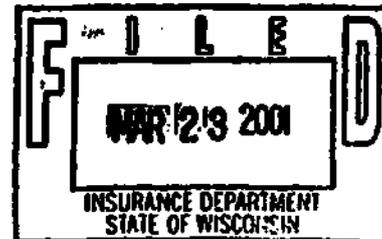
EMAIL ADDRESS
trose@foleylaw.com

CLIENT/MATTER NUMBER
016125-0107

March 23, 2001

VIA HAND DELIVERY

Steven J. Junior
State of Wisconsin
Office of the Commissioner of Insurance
121 East Wilson Street
Madison, WI 53707-7873



Re: Blue Cross Conversion

Dear Mr. Junior:

In compliance with the Commissioner's approval letter dated March 19, 2001, I have enclosed the original and a duplicate copy of the Amended and Restated Articles of Incorporation of Blue Cross & Blue Shield United of Wisconsin ("BCBSUW") for filing with the OCI. I have also included a copy of the BCBSUW Bylaws, which were previously included in the original conversion application. Given BCBSUW's compliance with the Commissioner's approval process set forth in her March 19th letter, I respectfully request that OCI issue forthwith the certificate of authority constituting the act of conversion of BCBSUW. OCI's actions in this regard will allow us to proceed with the contemporaneous closing of the transactions contemplated under the BCBSUW plan of conversion, as modified by the Commissioner's Order of March 28, 2000.

In addition, I appreciate OCI providing me with a certified copy of the Amended and Restated Articles of Incorporation of BCBSUW and a certificate of compliance for BCBSUW at the same time the certificate of authority is formally issued. Thank you for your assistance in this matter.

Sincerely,


Thomas Rose

Enclosure(s)

cc: Stephen E. Bablitch
Joseph C. Branch



N

**AMENDED AND RESTATED
BYLAWS
of
BLUE CROSS & BLUE SHIELD UNITED OF WISCONSIN**

MARCH 23, 2001

ARTICLE I. OFFICES; AGENT; RECORDS

1.01. *Principal and Business Offices.* The corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the corporation may require from time to time.

1.02 *Registered Agent for Service of Process.* The registered agent of the corporation for service of process is Stephen Bablitch, Secretary, 401 W. Michigan Street, Milwaukee, Wisconsin 53202.

1.03. *Corporate Records.* The following documents and records shall be kept at the corporation's principal office or at such other reasonable location as may be specified by the corporation:

- (a) Minutes of shareholder and Board of Directors meetings and any written notices thereof.
- (b) Records of actions taken by the shareholders or directors without a meeting.
- (c) Records of actions taken by committees of the Board of Directors.
- (d) Accounting records.
- (e) Records of its shareholders.
- (f) Current Bylaws.
- (g) Written waivers of notice by shareholders or directors (if any).
- (h) Written consents by shareholders or directors for actions without a meeting (if any).
- (i) Voting trust agreements (if any).
- (j) Stock transfer agreements to which the corporation is a party or of which it has notice (if any).

ARTICLE II. SHAREHOLDERS

2.01. *Annual Meeting.* The annual meeting of the shareholders shall be held at such time as may be fixed by the Board of Directors on the last Wednesday in May each year, or at such other time and date as may be fixed by or under the authority of the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday in the State of Wisconsin, such meeting shall be held on the next succeeding business day. If the election of directors is not held on the day designated herein, or fixed as herein provided, for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors

shall cause the election to be held at a meeting of the shareholders as soon thereafter as may be convenient.

2.02. *Special Meetings.* Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chair of the Board, if there is one, the President or the Board of Directors. If and as required by the Wisconsin Insurance Code, a special meeting shall be called upon written demand describing one or more purposes for which it is to be held by holders of shares with at least 10% of the votes entitled to be cast on any issue proposed to be considered at the meeting. The purpose or purposes of any special meeting shall be described in the notice required by Section 2.04 of these Bylaws.

2.03. *Place of Meeting.* The Board of Directors may designate any place, either within or without the State of Wisconsin, as the place of meeting for any annual meeting or any special meeting. If no designation is made, the place of meeting shall be the principal office of the corporation but any meeting may be adjourned to reconvene at any place designated by vote of a majority of the shares represented thereat.

2.04. *Notices to Shareholders.*

(a) ***Required Notice.*** Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) days nor more than sixty (60) days before the date of the meeting (unless a different time is provided by law or the Articles of Incorporation), by or at the direction of the Chair of the Board, if there is one, the President or the Secretary, to each shareholder entitled to vote at such meeting or, for the fundamental transactions described in subsections (c)(1) to (4) below (for which the Wisconsin Insurance Code requires that notice be given to shareholders not entitled to vote), to all shareholders. If mailed, such notice is effective when deposited in the United States mail, and shall be addressed to the shareholder's address shown in the current record of shareholders of the corporation, with postage thereon prepaid. At least twenty (20) days' notice shall be provided if the purpose, or one of the purposes, of the meeting is to consider a plan of merger or share exchange for which shareholder approval is required by law, or the sale, lease, exchange or other disposition of all or substantially all of the corporation's property, with or without good will, otherwise than in the usual and regular course of business.

(b) ***Adjourned Meeting.*** Except as provided in the next sentence, if any shareholder meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, and place, if the new date, time, and place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed, then notice must be given pursuant to the requirements of paragraph (a) of this Section 2.04, to those persons who are shareholders as of the new record date.

(c) ***Waiver of Notice.*** A shareholder may waive notice in accordance with Article VI of these Bylaws.

(d) ***Contents of Notice.*** The notice of each special shareholder meeting shall include a description of the purpose or purposes for which the meeting is called. Except as

otherwise provided in subsection (e) of this Section 2.04, in the Articles of Incorporation, or in the Wisconsin Insurance Code, the notice of an annual shareholder meeting need not include a description of the purpose or purposes for which the meeting is called.

(e) *Fundamental Transactions.* If a purpose of any shareholder meeting is to consider either: (1) a proposed amendment to the Articles of Incorporation (including any restated articles); (2) a plan of merger or share exchange for which shareholder approval is required by law; (3) the sale, lease, exchange or other disposition of all or substantially all of the corporation's property, with or without good will, otherwise than in the usual and regular course of business; (4) the dissolution of the corporation; or (5) the removal of a director, the notice must so state and in cases (1), (2) and (3) above must be accompanied by, respectively, a copy or summary of the: (1) proposed articles of amendment or a copy of the restated articles that identifies any amendment or other change; (2) proposed plan of merger or share exchange; or (3) proposed transaction for disposition of all or substantially all of the corporation's property. If the proposed corporate action creates dissenters' rights, the notice must state that shareholders and beneficial shareholders are or may be entitled to assert dissenters' rights, and must be accompanied by a copy of Sections 180.1301 to 180.1331 of the Wisconsin Business Corporation Law.

(f) *Certain Stock Issuances.* If the corporation issues or authorizes the issuance of shares for promissory notes or for promises of future services, and if the Wisconsin Insurance Code requires that notice thereof be given to the shareholders, the corporation shall report in writing to the shareholders entitled to receive notice of the next shareholders' meeting, with or before the notice of that meeting, the number of shares authorized or issued and the consideration received by the corporation.

(g) *Indemnification; Advance of Expenses.* If the corporation indemnifies or advances expenses to a director or officer under Sections 180.0850 to 180.0859 of the Wisconsin Business Corporation Law and Section 611.62 of the Wisconsin Insurance Code in connection with a proceeding by or in the right of the corporation, and if the Wisconsin Insurance Code requires that notice thereof be given to the shareholders, this shall be reported to shareholders entitled to receive notice of the next shareholders' meeting, with or before the notice of that meeting.

2.05. Fixing of Record Date. The Board of Directors may fix in advance a date as the record date for one or more voting groups for any determination of shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action, such date in any case to be not more than seventy (70) days prior to the meeting or action requiring such determination of shareholders, and may fix the record date for determining shareholders entitled to a share dividend or distribution. If no record date is fixed for the determination of shareholders entitled to demand a shareholder meeting, to notice of or to vote at a meeting of shareholders, or to consent to action without a meeting, (a) the close of business on the day before the corporation receives the first written demand for a shareholder meeting, (b) the close of business on the day before the first notice of the meeting is mailed or otherwise delivered to shareholders, or (c) the close of business on the day before the first written consent to shareholder action without a meeting is received by the corporation, as the

case may be, shall be the record date for the determination of shareholders. If no record date is fixed for the determination of shareholders entitled to receive a share dividend or distribution (other than a distribution involving a purchase, redemption or other acquisition of the corporation's shares), the close of business on the day on which the resolution of the Board of Directors is adopted declaring the dividend or distribution shall be the record date. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall be applied to any adjournment thereof unless the Board of Directors fixes a new record date and except as otherwise required by law. A new record date must be set if a meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

2.06. Shareholder List. The officer or agent having charge of the stock transfer books for shares of the corporation shall, before each meeting of shareholders, make a complete record of the shareholders entitled to notice of such meeting, arranged by class or series of shares and showing the address of and the number of shares held by each shareholder. The shareholder list shall be available at the meeting and may be inspected by any shareholder or his or her agent or attorney at any time during the meeting or any adjournment. Any shareholder or his or her agent or attorney may inspect the shareholder list beginning two (2) business days after the notice of the meeting is given and continuing to the date of the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held and, subject to Sections 180.1602(2)(b) 3 to 5 of the Wisconsin Business Corporation Law and Section 611.51(9)(a) of the Wisconsin Insurance Code, may copy the list, during regular business hours and at his or her expense, during the period that it is available for inspection hereunder. The original stock transfer books and nominee certificates on file with the corporation (if any) shall be prima facie evidence as to who are the shareholders entitled to inspect the shareholder list or to vote at any meeting of shareholders. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

2.07. Quorum and Voting Requirements. Except as otherwise provided in the Articles of Incorporation or in the Wisconsin Insurance Code, a majority of the votes entitled to be cast by shares entitled to vote as a separate voting group on a matter, represented in person or by proxy, shall constitute a quorum of that voting group for action on that matter at a meeting of shareholders. If a quorum exists, action on a matter, other than the election of directors, by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action unless a greater number of affirmative votes is required by the Wisconsin Insurance Code or the Articles of Incorporation. If the Articles of Incorporation or the Wisconsin Insurance Code provide for voting by two (2) or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately. Action may be taken by one (1) voting group on a matter even though no action is taken by another voting group entitled to vote on the matter. Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that meeting.

2.08. *Conduct of Meetings.* The Chair of the Board, or if there is none, or in his or her absence, the President, and in the President's absence, a Vice President in the order provided under Section 4.06 of these Bylaws, and in their absence, any person chosen by the shareholders present shall call the meeting of the shareholders to order and shall act as Chair of the meeting, and the Secretary shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.09. *Proxies.* At all meetings of shareholders, a shareholder entitled to vote may vote in person or by proxy appointed in writing by the shareholder or by his or her duly authorized attorney-in-fact. All proxy appointment forms shall be filed with the Secretary or other officer or agent of the corporation authorized to tabulate votes before or at the time of the meeting. Unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest, a proxy appointment may be revoked at any time. The presence of a shareholder who has filed a proxy appointment shall not of itself constitute a revocation. No proxy appointment shall be valid after eleven months from the date of its execution, unless otherwise expressly provided in the appointment form. The Board of Directors shall have the power and authority to make rules that are not inconsistent with the Wisconsin Insurance Code as to the validity and sufficiency of proxy appointments.

2.10. *Voting of Shares.* Each outstanding share shall be entitled to one (1) vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares are enlarged, limited or denied by the Articles of Incorporation or the Wisconsin Insurance Code. Shares owned directly or indirectly by another corporation are not entitled to vote if this corporation owns, directly or indirectly, sufficient shares to elect a majority of the directors of such other corporation. However, the prior sentence shall not limit the power of the corporation to vote any shares, including its own shares, held by it in a fiduciary capacity. Redeemable shares are not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

ARTICLE III. BOARD OF DIRECTORS

3.01. *General Powers and Number.* All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its Board of Directors. The number of directors of the corporation shall be six. The number of directors may be increased or decreased from time to time by amendment to this Section adopted by the shareholders or the Board of Directors, but no decrease shall have the effect of shortening the term of an incumbent director.

3.02. *Election, Removal, Tenure and Qualifications.*

(a) Unless action is taken without a meeting under Section 7.01 of these Bylaws, directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the

election at a shareholders meeting at which a quorum is present; i.e., the individuals with the largest number of votes in favor of their election are elected as directors up to the maximum number of directors to be chosen in the election. In the event two (2) or more persons tie for the last vacancy to be filled, a run-off vote shall be taken from among the candidates receiving the tie vote. The name of any person selected as a director of the corporation, together with such pertinent biographical and other data as the Commissioner requires by rule, shall be reported to the Commissioner immediately after the selection. Each director shall hold office until the next annual meeting of shareholders for the remainder of the term for which he or she has been elected and until the director's successor shall have been elected or there is a decrease in the number of directors, or until his or her prior death, resignation or removal.

(b) Any director or directors may be removed from office by the shareholders if the number of votes cast to remove the director exceeds the number cast not to remove him or her, taken at a meeting of shareholders called for that purpose (unless action is taken without a meeting under Section 7.01 of these Bylaws), provided that the meeting notice states that the purpose, or one of the purposes, of the meeting is removal of the director. The removal may be made with or without cause unless the Articles of Incorporation or these Bylaws provide that directors may be removed only for cause. A director may be removed from office for cause by a majority of the full Board of Directors at any special meeting of the Board of Directors called for that purpose. Any such removal shall be reported to the Commissioner immediately with a statement of the reasons for removal. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove that director. A director may resign at any time by delivering a written resignation to the Board of Directors, to the Chair of the Board (if there is one), or to the corporation through the Secretary or otherwise.

(c) Directors need not be residents of the State of Wisconsin or shareholders of the corporation. No person may simultaneously be a director in the corporation and a director, officer, employee or agent for another insurer if the effect is to lessen competition substantially or if the corporation and the other insurer have materially adverse interests.

3.03. Regular Meetings. A regular meeting of the Board of Directors shall be held, without other notice than this Bylaw, immediately after the annual meeting of shareholders, and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of shareholders which precedes it, or such other suitable place as may be announced at such meeting of shareholders. The Board of Directors and any committee may provide, by resolution, the time and place, either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution.

3.04. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chair of the Board, if there is one, the President or any two (2) directors. Special meetings of any committee may be called by or at the request of the foregoing persons or the Chair of the committee. The persons calling any special meeting of the Board of Directors or committee may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting called by them, and if no other place

is fixed the place of meeting shall be the principal office of the corporation in the State of Wisconsin.

3.05 Meetings By Telephone or Other Communication Technology.

(a) Any or all directors may participate in a regular or special meeting or in a committee meeting of the Board of Directors by, or conduct the meeting through the use of, telephone or any other means of communication by which either: (i) all participating directors may simultaneously hear each other during the meeting or (ii) all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.

(b) If a meeting will be conducted through the use of any means described in paragraph (a), all participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by any means described in paragraph (a) is deemed to be present in person at the meeting.

3.06. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation or the Wisconsin Insurance Code, notice of the date, time and place of any special meeting of the Board of Directors and of any special meeting of a committee of the Board shall be given orally or in writing to each director or committee member at least 48 hours prior to the meeting, except that notice by mail shall be given at least 72 hours prior to the meeting. The notice need not describe the purpose of the meeting. Notice may be communicated in person, by telephone, telegraph or facsimile, or by mail or private carrier. Oral notice is effective when communicated. Written notice is effective as follows: If delivered in person, when received; if given by mail, when deposited, postage prepaid, in the United States mail addressed to the director at his or her business or home address (or such other address as the director may have designated in writing filed with the Secretary); if given by facsimile, at the time transmitted to a facsimile number at any address designated above; and if given by telegraph, when delivered to the telegraph company.

3.07. Quorum. Except as otherwise provided by the Wisconsin Insurance Code, a majority of the number of directors as provided in Section 3.01 shall constitute a quorum of the Board of Directors. Except as otherwise provided by the Wisconsin Insurance Code, a majority of the number of directors appointed to serve on a committee shall constitute a quorum of the committee.

3.08. Manner of Acting. Except as otherwise provided by the Wisconsin Insurance Code or the Articles of Incorporation, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors or any committee thereof.

3.09. Conduct of Meetings. The Chair of the Board, or if there is none, or in his or her absence, the President, and in the President's absence, a Vice President in the order provided under Section 4.06 of these Bylaws, and in their absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order and shall chair the meeting. The Secretary of the corporation shall act as secretary of all meetings of the Board

of Directors, but in the absence of the Secretary, the presiding officer may appoint any assistant secretary or any director or other person present to act as secretary of the meeting.

3.10. *Vacancies.* Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled by the shareholders or the Board of Directors. If the directors remaining in office constitute fewer than a quorum of the Board, the directors may fill a vacancy by the affirmative vote of a majority of all directors remaining in office. If the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group may vote to fill the vacancy if it is filled by the shareholders, and only the remaining directors elected by that voting group may vote to fill the vacancy if it is filled by the directors. A vacancy that will occur at a specific later date (because of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

3.11. *Compensation.*

(a) The Board of Directors, irrespective of any personal interest of any of its members, may fix the compensation of directors. No arrangement for compensation or other employment benefits for any director, officer or employee with decision-making power may be made if it would: (i) measure the compensation or other benefits in whole or in part by any criteria that would create a financial inducement for him or her to act contrary to the best interests of the corporation; or (ii) have a tendency to make the corporation depend for continuance or soundness of operation upon continuation in his or her position of any director, officer or employee.

(b) Any benefits or payments to any director or officer on account of services rendered to the corporation more than 90 days before the agreement or decision to give the benefit or make the payment, and any new pension plan, profit-sharing plan, stock option plan or any amendment to an existing plan which so far as it pertains to any director or officer substantially increases the financial burden on the corporation, shall be approved by a vote of the shareholders.

(c) The amount of all direct and indirect remuneration for services, including retirement and other deferred compensation benefits and stock options, paid or accrued each year for the benefit of each director and each officer and employee whose remuneration exceeds an amount established by the Commissioner, and for all directors and officers as a group shall be included in the annual report made to the Commissioner.

3.12. *Presumption of Assent.* A director who is present and is announced as present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless (i) the director objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting business at the meeting, or (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (iii) the director delivers his or her written dissent or abstention to the presiding officer of the meeting before the adjournment

thereof or to the corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

3.13. *Committees.*

(a) Unless the Articles of Incorporation otherwise provide, the Board of Directors, by resolution adopted by the affirmative vote of a majority of all the directors then in office, may create one (1) or more [major or other] committees, each committee to consist of three or more directors as members serving at the pleasure of the Board of Directors, which to the extent provided in the resolution as initially adopted, and as thereafter supplemented or amended by further resolution adopted by a like vote, may exercise the authority of the Board of Directors when the Board of Directors is not in session. [A "major" committee shall consist of five (5) or more Directors.]

(b) No committee except a major committee shall be empowered to act in lieu of the entire Board of Directors in respect to: (i) compensation or indemnification of any person who is a director, principal officer or one of the three most highly paid employees, and any benefits or payments requiring shareholder or policyholder approval (ii) approval of any contract required by law to be approved by the Board of Directors, or of any other transaction in which a director has a material interest adverse to the corporation; (iii) amendment of the Articles of Incorporation or these Bylaws; (iv) merger or consolidation, stock exchanges, conversion, voluntary dissolution, or transfer of business or assets; (v) any other decision requiring shareholder or policyholder approval; (vi) amendment or repeal of any action previously taken by the full Board of Directors which by its terms is not subject to amendment or repeal by a committee; (vii) dividends or other distributions to shareholders or policyholders, other than in the routine implementation of policy determinations of the full Board of Directors; (viii) selection of principal officers; or (ix) filling of vacancies on the Board of Directors or any committee.

(c) The full Board of Directors or a major committee of the Board of Directors with authority to do so, at the next meeting following action by any ordinary committee, shall specifically review any transaction in which an officer has a material financial interest adverse to the corporation.

(d) The Board of Directors may elect one or more of its members as alternate members of any committee who may take the place of any absent member or members at any meeting of such committee. Each committee shall fix its own rules (consistent with the Wisconsin Insurance Code, the Articles of Incorporation and these Bylaws) governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request. Unless otherwise provided by the Board of Directors in creating a committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of authority.

(e) The creation of a committee, delegation of authority to a committee or action by a committee does not relieve the Board of Directors or any of its members of any responsibility imposed on the Board of Directors or its members by law.

(f) Sections 3.07, 3.08 and 3.12 of these Bylaws apply to committee meetings.

3.14 *Transactions in Which Directors are Interested.*

(a) Any material transaction between the corporation and one or more of its directors, or between the corporation any other person in which one or more of its directors has a material interest, is voidable by the corporation unless: (i) the transaction at the time it is entered into is reasonable and fair to the interests of the corporation; and (ii) the transaction has, with full knowledge of its terms and of the interests involved, been approved in advance by the Board of Directors or by the shareholders; and (iii) the transaction has been reported to the Commissioner immediately after such approval.

(b) Directors whose interest or status is at issue in makes the transaction subject to this section may be counted in determining a quorum for a board meeting approving the transaction, but may not vote. Approval requires an affirmative vote of a majority of those present.

(c) This section does not apply to transactions with affiliates or to policies of insurance, other than reinsurance, issued in the normal course of business.

ARTICLE IV. OFFICERS

4.01. *Appointment.* The principal officers shall be the President, the Vice President, and one or more other Vice Presidents (the number and designations to be determined by the Board of Directors) and a Secretary, each of whom shall be appointed by the Board of Directors. The Board of Directors may create and fill such other offices if any, as may be deemed necessary by the Board of Directors. Any two or more offices may be held by the same person, except that at least three separate persons shall be principal officers. No person may simultaneously be an officer of the corporation and a director, officer, employee or agent for another insurer if the effect is to lessen competition substantially or if the corporation and the other insurer have materially adverse interests. The name of any person selected as a principal officer of the Corporation, together with such pertinent biographical and other data as the Commissioner requires by rule, shall be reported to the Commissioner immediately after the selection.

4.02. *Resignation and Removal.* An officer shall hold office until he or she resigns, dies, is removed hereunder, or a different person is appointed to the office. An officer may resign at any time by delivering an appropriate written notice to the corporation. The resignation is effective when the notice is delivered, unless the notice specifies a later effective date and the corporation accepts the later effective date. Any officer may be removed by the Board of Directors with or without cause and notwithstanding the contract rights, if any, of the person removed. Except as provided in the preceding sentence, the resignation or removal is subject to any remedies provided by any contract between the officer and the corporation or otherwise provided by law. Appointment shall not of itself create contract rights. Any removal of a principal officer shall be reported to the Commissioner immediately together with a statement of the reasons for removal.

4.03. Vacancies. A vacancy in any office because of death, resignation, removal or otherwise, shall be filled by the Board of Directors. If a resignation is effective at a later date, the Board of Directors may fill the vacancy before the effective date if the Board of Directors provides that the successor may not take office until the effective date.

4.04. Chair of the Board. The Board of Directors may at its discretion appoint a Chair of the Board. The Chair of the Board, if there is one, shall preside at all meetings of the shareholders and Board of Directors, and shall carry out such other duties as directed by the Board of Directors.

4.05. President. The President shall be the principal executive officer and, subject to the control and direction of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He or she shall, in the absence of the Chair of the Board (if one is appointed), preside at all meetings of the shareholders and of the Board of Directors. The President shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. The President shall have authority to sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or directed by the Board of Directors, the President may authorize any Vice President or other officer or agent of the corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead. In general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

4.06. Vice Presidents. In the absence of the President, or in the event of the President's death, inability or refusal to act, or in the event for any reason it shall be impracticable for the President to act personally, the Vice President, or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Board of Directors, or in the absence of any designation, then in the order of their appointment shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties and have such authority as from time to time may be delegated or assigned to him or her by the President or the Board of Directors. The execution of any instrument of the corporation by any Vice President shall be conclusive evidence, as to third parties, of the Vice President's authority to act in the stead of the President.

4.07. Secretary. If the Board of Directors appoints a Secretary, the Secretary shall:
(a) keep (or cause to be kept) regular minutes of all meetings of the shareholders, the Board of Directors and any committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the

corporation, if any, and see that the seal of the corporation, if any, is affixed to all documents which are authorized to be executed on behalf of the corporation under its seal; (d) keep or arrange for the keeping of a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned to him or her by the President or by the Board of Directors.

4.08. *Treasurer.* If the Board of Directors appoints a Treasurer, the Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected by the corporation; and (c) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned to him or her by the President or by the Board of Directors.

4.09. *Assistants and Acting Officers.* The Board of Directors and the President shall have the power to appoint any person to act as assistant to any officer, or as agent for the corporation in the officer's stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the Board of Directors or President shall have the power to perform all the duties of the office to which that person is so appointed to be assistant, or as to which he or she is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors or the President.

4.10. *Salaries.* Subject to section 3.11, the salaries of the officers shall be fixed from time to time by the Board of Directors or by a duly authorized committee thereof, and no officer shall be prevented from receiving such salary by reason of the fact that such officer is also a director of the corporation.

4.11. *Transactions in Which Officers are Interested.* Section 3.14 applies to officers of the corporation in the same manner as it applies to directors.

ARTICLE V. CERTIFICATES FOR SHARES AND THEIR TRANSFER

5.01. *Certificates for Shares.* All shares of this corporation shall be represented by certificates. Certificates representing shares of the corporation shall be in such form, consistent with law, as shall be determined by the Board of Directors. At a minimum, a share certificate shall state on its face the name of the corporation and that it is organized under the laws of the State of Wisconsin, the name of the person to whom issued, and the number and class of shares and the designation of the series, if any, that the certificate represents. If the corporation is authorized to issue different classes of shares or different series within a class, the front or back of the certificate must contain either (a) a summary of the designations, relative rights, preferences and limitations applicable to each class, and the variations in the rights, preferences and limitations determined for each series and the authority of the Board of Directors to determine variations for future series, or (b) a conspicuous statement that the corporation will furnish the shareholder the information described in clause (a) on request, in writing and without charge. Such certificates shall be signed, either manually or in facsimile, by the President or a Vice President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except as provided in Section 5.05. The corporation may not issue fractional shares.

5.02. *Signature by Former Officers.* If an officer or assistant officer, who has signed or whose facsimile signature has been placed upon any certificate for shares, has ceased to be such officer or assistant officer before such certificate is issued, the certificate may be issued by the corporation with the same effect as if that person were still an officer or assistant officer at the date of its issue.

5.03. *Transfer of Shares.* Prior to due presentment of a certificate for shares for registration of transfer, and unless the corporation has established a procedure by which a beneficial owner of shares held by a nominee is to be recognized by the corporation as the shareholder, the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to have and exercise all the rights and power of an owner. The corporation may require reasonable assurance that all transfer endorsements are genuine and effective and in compliance with all regulations prescribed by or under the authority of the Board of Directors.

5.04. *Restrictions on Transfer.* The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction upon the transfer of such shares imposed by the corporation or imposed by any agreement of which the corporation has written notice.

5.05. *Lost, Destroyed or Stolen Certificates.* Where the owner claims that his or her certificate for shares has been lost, destroyed or wrongfully taken, a new certificate shall be

issued in place thereof if the owner (a) so requests before the corporation has notice that such shares have been acquired by a bona fide purchaser, and (b) if required by the corporation, files with the corporation a sufficient indemnity bond, and (c) satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors. The corporation may not issue fractional shares.

5.06. *Consideration for Shares.* The shares of the corporation may be issued for such consideration as shall be fixed from time to time and determined to be adequate by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration may consist of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation. If the corporation issues or authorizes the issuance of shares for promissory notes or for promises of future services, it shall comply with Section 2.04(f) of these Bylaws. When the corporation receives the consideration for which the Board of Directors authorized the issuance of shares, such shares shall be deemed to be fully paid and nonassessable by the corporation.

5.07. *Stock Regulations.* The Board of Directors shall have the power and authority to make all such rules and regulations not inconsistent with the statutes of the State of Wisconsin as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the corporation, including the appointment or designation of one or more stock transfer agents and one or more registrars.

5.08. *Repurchase of Shares.* The corporation shall report to the Commissioner the names of shareholders from whom it purchases its own shares, the names of any other persons beneficially interested (so far as the latter are known), and the price it paid for the shares, within 10 days after the end of: (1) any month in which the corporation purchases more than 1% of its outstanding shares; (2) any 3-month period in which it purchases more than 2% of its outstanding shares; or (3) any 12-month period in which it purchases more than 5% of any class of its outstanding shares.

ARTICLE VI. WAIVER OF NOTICE

6.01. *Shareholder Written Waiver.* A shareholder may waive any notice required by the Wisconsin Insurance Code, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, shall contain the same information that would have been required in the notice under the Wisconsin Insurance Code except that the time and place of meeting need not be stated, and shall be delivered to the corporation for inclusion in the corporate records.

6.02. *Shareholder Waiver by Attendance.* A shareholder's attendance at a meeting, in person or by proxy, waives objection to both of the following:

(a) Lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting.

(b) Consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

6.03. Director Written Waiver. A director may waive any notice required by the Wisconsin Insurance Code, the Articles of Incorporation or the Bylaws before or after the date and time stated in the notice. The waiver shall be in writing, signed by the director entitled to the notice and retained by the corporation.

6.04. Director Waiver by Attendance. A director's attendance at or participation in a meeting of the Board of Directors or any committee thereof waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE VII. ACTION WITHOUT MEETINGS

7.01. Shareholder Action Without Meeting. Action required or permitted by the Wisconsin Insurance Code to be taken at a shareholder meeting may be taken without a meeting (a) by all shareholders entitled to vote on the action, or (b) if the Articles of Incorporation so provide by shareholders who would be entitled to vote at a meeting shares with voting power sufficient to cast not less than the minimum number (or, in the case of voting by voting groups, the minimum numbers) of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote were present and voted. The action must be evidenced by one or more written consents describing the action taken, signed by the shareholders consenting thereto and delivered to the corporation for inclusion in its corporate records. A consent hereunder has the effect of a meeting vote and may be described as such in any document. The Wisconsin Insurance Code requires that notice of the action be given to certain shareholders and specifies the effective date thereof and the record date in respect thereto.

7.02. Director Action Without Meeting. Unless the Articles of Incorporation provide otherwise, action required or permitted by the Wisconsin Insurance Code to be taken at a Board of Directors meeting or committee meeting may be taken without a meeting if the action is taken by all members of the Board or committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director and retained by the corporation. Action taken hereunder is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed hereunder has the effect of a unanimous vote taken at a meeting at which all directors or committee members were present, and may be described as such in any document.

ARTICLE VIII. INDEMNIFICATION

8.01. *Indemnification for Successful Defense.* Subject to Section 8.15, within twenty (20) days after receipt of a written request pursuant to Section 8.03, the corporation shall indemnify a director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he or she is a director or officer of the corporation.

8.02. Other Indemnification.

(a) In cases not included under Section 8.01, the corporation shall indemnify a director or officer against all liabilities and expenses incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is a director or officer of the corporation, unless liability was incurred because the director or officer breached or failed to perform a duty he or she owes to the corporation and the breach or failure to perform constitutes any of the following:

(1) A willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director or officer has a material conflict of interest.

(2) A violation of criminal law, unless the director or officer had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful.

(3) A transaction from which the director or officer derived an improper personal profit.

(4) Willful misconduct.

(b) Determination of whether indemnification is required under this Section shall be made pursuant to Section 8.05.

(c) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this Section.

8.03. *Written Request.* A director or officer who seeks indemnification under Sections 8.01 or 8.02 shall make a written request to the corporation.

8.04. *Nonduplication.* The corporation shall not indemnify a director or officer under Sections 8.01 or 8.02 if the director or officer has previously received indemnification or allowance of expenses from any person, including the corporation, in connection with the same proceeding. However, the director or officer has no duty to look to any other person for indemnification.

8.05. Determination of Right to Indemnification.

(a) Unless otherwise provided by the Articles of Incorporation or by written agreement between the director or officer and the corporation, the director or officer seeking indemnification under Section 8.02 shall select one of the following means for determining his or her right to indemnification:

(1) By a majority vote of a quorum of the Board of Directors consisting of directors not at the time parties to the same or related proceedings. If a quorum of disinterested directors cannot be obtained, by majority vote of a committee duly appointed by the Board of Directors and consisting solely of two (2) or more directors who are not at the time parties to the same or related proceedings, *provided, however*, that such committee may only act while the full Board of Directors is in session. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

(2) By independent legal counsel selected by a quorum of the Board of Directors or its committee in the manner prescribed in sub. (1) or, if unable to obtain such a quorum or committee, by a majority vote of the full Board of Directors, including directors who are parties to the same or related proceedings.

(3) By a panel of three (3) arbitrators consisting of one arbitrator selected by those directors entitled under sub. (2) to select independent legal counsel, one arbitrator selected by the director or officer seeking indemnification and one arbitrator selected by the two (2) arbitrators previously selected.

(4) By an affirmative vote of shares represented at a meeting of shareholders at which a quorum of the voting group entitled to vote thereon is present. Shares owned by, or voted under the control of, persons who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the determination.

(5) By a court under Section 8.08.

(6) By any other method provided for in any additional right to indemnification permitted under Section 8.07.

(b) In any determination under (a), the burden of proof is on the corporation to prove by clear and convincing evidence that indemnification under Section 8.02 should not be allowed.

(c) A written determination as to a director's or officer's indemnification under Section 8.02 shall be submitted to both the corporation and the director or officer within 60 days of the selection made under (a).

(d) Subject to Section 8.15, if it is determined that indemnification is required under Section 8.02, the corporation shall pay all liabilities and expenses not prohibited by Section 8.04 within ten (10) days after receipt of the written determination under (c). The

corporation shall also pay all expenses incurred by the director or officer in the determination process under (a).

8.06. *Advancement of Expenses.* Subject to Section 8.15, within ten (10) days after receipt of a written request by a director or officer who is a party to a proceeding, the corporation shall pay or reimburse his or her reasonable expenses as incurred if the director or officer provides the corporation with all of the following:

(1) A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the corporation.

(2) A written undertaking, executed personally or on his or her behalf, to repay the allowance to the extent that it is ultimately determined under Section 8.05 that indemnification under Section 8.02 is not required and that indemnification is not ordered by a court under Section 8.08(b)(2). The undertaking under this subsection shall be an unlimited general obligation of the director or officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

8.07. *Nonexclusivity.*

(a) Except as provided in (b), Sections 8.01, 8.02 and 8.06 do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under any of the following:

(1) The Articles of Incorporation.

(2) A written agreement between the director or officer and the corporation.

(3) A resolution of the Board of Directors.

(4) A resolution, after notice, adopted by a majority vote of all of the corporation's voting shares then issued and outstanding.

(b) Regardless of the existence of an additional right under (a), the corporation shall not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses unless it is determined by or on behalf of the corporation that the director or officer did not breach or fail to perform a duty he or she owes to the corporation which constitutes conduct under Section 8.02(a)(1), (2), (3) or (4). A director or officer who is a party to the same or related proceeding for which indemnification or an allowance of expenses is sought may not participate in a determination under this subsection.

(c) Sections 8.01 to 8.14 do not affect the corporation's power to pay or reimburse expenses incurred by a director or officer in any of the following circumstances.

(1) As a witness in a proceeding to which he or she is not a party.

(2) As a plaintiff or petitioner in a proceeding because he or she is or was an employee, agent, director or officer of the corporation.

8.08. Court-Ordered Indemnification.

(a) Except as provided otherwise by written agreement between the director or officer and the corporation, a director or officer who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. Application shall be made for an initial determination by the court under Section 8.05(a)(5) or for review by the court of an adverse determination under Section 8.05(a) (1), (2), (3), (4) or (6). After receipt of an application, the court shall give any notice it considers necessary.

(b) The court shall order indemnification if it determines any of the following:

(1) That the director or officer is entitled to indemnification under Sections 8.01 or 8.02.

(2) That the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, regardless of whether indemnification is required under Section 8.02.

(c) If the court determines under (b) that the director or officer is entitled to indemnification, the corporation shall pay the director's or officer's expenses incurred to obtain the court-ordered indemnification.

8.09. *Indemnification and Allowance of Expenses of Employees and Agents.* The corporation shall indemnify an employee of the corporation who is not a director or officer of the corporation, to the extent that he or she has been successful on the merits or otherwise in defense of a proceeding, for all expenses incurred in the proceeding if the employee was a party because he or she was an employee of the corporation. In addition, the corporation may indemnify and allow reasonable expenses of an employee or agent who is not a director or officer of the corporation to the extent provided by the Articles of Incorporation or these Bylaws, by general or specific action of the Board of Directors or by contract.

8.10. *Insurance.* The corporation may purchase and maintain insurance on behalf of an individual who is an employee, agent, director or officer of the corporation against liability asserted against or incurred by the individual in his or her capacity as an employee, agent, director or officer, regardless of whether the corporation is required or authorized to indemnify or allow expenses to the individual against the same liability under Sections 8.01, 8.02, 8.06, 8.07 and 8.09.

8.11. Securities Law Claims.

(a) Pursuant to the public policy of the State of Wisconsin, the corporation shall provide indemnification and allowance of expenses and may insure for any liability incurred in

connection with a proceeding involving securities regulation described under (b) to the extent required or permitted under Sections 8.01 to 8.10.

(b) Sections 8.01 to 8.10 apply, to the extent applicable to any other proceeding, to any proceeding involving a federal or state statute, rule or regulation regulating the offer, sale or purchase of securities, securities brokers or dealers, or investment companies or investment advisers.

8.12. Liberal Construction. In order for the corporation to obtain and retain qualified directors, officers and employees, the foregoing provisions shall be liberally administered in order to afford maximum indemnification of directors, officers and, where Section 8.09 of these Bylaws applies, employees. The indemnification above provided for shall be granted in all applicable cases unless to do so would clearly contravene law, controlling precedent or public policy.

8.13. Report to Shareholders. If the corporation indemnifies or advances expenses to a director or officer as required or permitted by these Bylaws or Wisconsin law in connection with a proceeding by or in the right of the corporation, the corporation shall comply with Section 2.04(g) of these Bylaws.

8.14. Definitions Applicable to this Article. For purposes of this Article:

(a) "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the corporation.

(b) "Corporation" means this corporation and any domestic or foreign predecessor of this corporation where the predecessor corporation's existence ceased upon the consummation of a merger or other transaction.

(c) "Director or officer" means any of the following:

(1) An individual who is or was a director or officer of this corporation.

(2) An individual who, while a director or officer of this corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.

(3) An individual who, while a director or officer of this corporation, is or was serving an employee benefit plan because his or her duties to the corporation also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

(4) Unless the context requires otherwise, the estate or personal representative of a director or officer.

For purposes of this Article, it shall be conclusively presumed that any director or officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an affiliate shall be so serving at the request of the corporation.

(d) "Expenses" include fees, costs, charges, disbursements, attorney fees and other expenses incurred in connection with a proceeding.

(e) "Liability" includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including an excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

(f) "Party" includes an individual who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(g) "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the corporation or by any other person.

8.15. *Notice.* The corporation shall not indemnify a director or officer under this Article until at least thirty (30) days after notice to the Commissioner with full details of the proposed indemnification, unless the Commissioner has sooner approved the proposal.

ARTICLE IX. SEAL

The Board of Directors may provide a corporate seal which may be circular in form and have inscribed thereon the name of the corporation and the state of incorporation and the words "Corporate Seal."

ARTICLE X. AMENDMENTS

10.01. *By Shareholders.* These Bylaws may be amended or repealed and new Bylaws may be adopted by the shareholders by the vote provided in Section 2.07 of these Bylaws or as specifically provided below. If authorized by the Articles of Incorporation, the shareholders may adopt or amend a Bylaw that fixes a greater or lower quorum requirement or a greater voting requirement for shareholders or voting groups of shareholders than otherwise is provided in the Wisconsin Insurance Code. The adoption or amendment of a Bylaw that adds, changes or deletes a greater or lower quorum requirement or a greater voting requirement for shareholders must meet the same quorum requirement and be adopted by the same vote and voting groups required to take action under the quorum and voting requirement then in effect.

10.02. *By Directors.* Except as the Articles of Incorporation may otherwise provide, these Bylaws may also be amended or repealed and new Bylaws may be adopted by the Board of Directors by the vote provided in Section 3.08, but (a) no Bylaw adopted by the shareholders shall be amended, repealed or readopted by the Board of Directors if the Bylaw so adopted so provides and (b) a Bylaw adopted or amended by the shareholders that fixes a

greater or lower quorum requirement or a greater voting requirement for the Board of Directors than otherwise is provided in the Wisconsin Insurance Code may not be amended or repealed by the Board of Directors unless the Bylaw expressly provides that it may be amended or repealed by a specified vote of the Board of Directors. Action by the Board of Directors to adopt or amend a Bylaw that changes the quorum or voting requirement for the Board of Directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect, unless a different voting requirement is specified as provided by the preceding sentence. A Bylaw that fixes a greater or lower quorum requirement or a greater voting requirement for shareholders or voting groups of shareholders than otherwise is provided in the Wisconsin Insurance Code may not be adopted, amended or repealed by the Board of Directors.

10.03. *Implied Amendments.* Any action taken or authorized by the shareholders or by the Board of Directors, which would be inconsistent with the Bylaws then in effect but is taken or authorized by a vote that would be sufficient to amend the Bylaws so that the Bylaws would be consistent with such action, shall be given the same effect as though the Bylaws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.

10.04. *Filing.* A copy of these Bylaws and any amendments thereto shall be filed with the Commissioner within sixty (60) days after adoption.