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January 6, 2005

Mr. Robert Downer
2029 Rochester Court
Iowa City, IA 52245

Dear Bob:

Since we were not able to reconnect in Orlando, I want to convey to you my thoughts regarding the Wellmark/U. of I. dispute via this letter. I would have preferred to communicate this to you personally, but since that was not possible, I will do my best to clearly express my views herein.

First, I am informed that you and others are telling people that John Colloton is the prime reason that the problem between the U. of I. and Wellmark has not been resolved. Inasmuch as attorneys are trained to gather facts/evidence before coming to conclusions, I would like to briefly recall some salient facts for you:

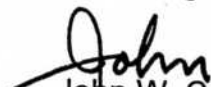
- 1) In November of 2004, **you came to me** to obtain a modicum of "off the record" understanding of the payment issue then extant between Wellmark and the U. of I. I obliged your request by telling you that my **personal analysis** (not Wellmark's) led me to conclude that the threat of or act of termination of the Universal Agreement by the U. of I. was an ill-conceived and counter-productive strategy. Over some one hour and twenty minutes, I gave you no less than ten reasons why I came to that conclusion. I took **no position** on the validity of the University claim for higher payments – because I did not know then, nor do I know now, if that claim is legitimate.
- 2) You did not then, nor at any time subsequently, ask me a single question regarding the role of the Lead Director of Wellmark in these types of negotiations and, accordingly, I believe that you have pretty close to a zero knowledge base with respect to this question. Had you asked, I would have been pleased to describe for you the role of the Lead Director at Wellmark in such negotiations. Most importantly, in well-governed companies Lead Directors **do not give orders** to Officers of the Company who have been given specific delegated authorities and responsibilities by the Chairman/CEO. Indeed, in normal circumstances, there would be **no role** for the Lead Director in this type of negotiation. Because in this particular case, the company's Chairman and CEO has been unable to participate, the Lead Director's function is to provide general oversight, on behalf of the Board; to assure compliance with Company policy; and to occasionally add a non-management perspective to select specific issues that arise. An example of

the latter is the U. of I.'s request for dilution of the 365-day termination notice period by 30 days. Because an issue such as this relates directly to company policy, a Lead Director's perspective can be useful to the Officers in coming to a decision. Indeed, my involvement in this particular issue led to a Wellmark offer of a 60-day dilution that was not accepted by the U. of I.

Being made aware of the tact that you and others are now following in the assignment of blame, I would like to suggest that all of you would better meet your responsibilities and serve all parties fairly by turning your focus inward to the source(s) of the flawed strategy regarding the payment issue and additionally to the less than impressive execution of that strategy. For you to be now attempting to put the onus of the unfavorable outcome of this dispute to date on the shoulders of Marvin Pomerantz and yours truly, both of whom have worked diligently and devotedly for a full half-century in enhancing the U. of I., is beneath your dignity! To the extent that you perceive that you have a problem for which you wish to assign accountability, you should look to those who, starting back in early 2004 and even before, conceived and implemented a flawed strategy for dealing with Wellmark – not to those of us who have been peripherally involved as members of the Wellmark Board.

Thank you, Bob, for your consideration of these views. While no longer optimistic, it remains my hope that this ill-considered dispute can be resolved expeditiously.

Warm regards,



John W. Colloton
Director Emeritus

University of Iowa Hospitals & Clinics

JWC:nlk