Taylor IV, William - BALTO

From: LaMacchia, Thomas F [tlamacchia@STBLAW.COM]
Sent: Wednesday, November 14, 2001 6:13 PM
To: jay.smith@piperrudnick.com ; william.taylor@piperrudnick.com; Robert.Kelly@wellpoint.com; thomas.geiser@Wellpoint.com; john.picciotto@carefirst.com
Cc: Horowitz, Gary I; Piscicelli, Carlo
Subject: Revised Subordinated Note

Subordinated Note.rtf

Attached is the revised subordinated note.

<<Subordinated Note.rtf>>

OCC 009589

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND THIS NOTE MAY NOT BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO (I) ~~TO THE COMPANY'S CONSENT AND (II) TO~~ AN EFFECTIVE REGISTRATION STATEMENT ~~OR PURSUANT~~, (II) TO THE COMPANY'S CONSENT OR (III) TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW AND THE HOLDER DELIVERS TO THE COMPANY AN OPINION OF LEGAL COUNSEL THAT SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO SUCH REGISTRATION REQUIREMENTS.

WELLPOINT HEALTH NETWORKS INC.

SUBORDINATED NOTE DUE _____, 20__

$_____ _____ __, 20__

WellPoint Health Networks Inc., a Delaware corporation (the "Company"), for value received hereby promises to pay to the holder hereof on _____ __, 20__ (the "Stated Maturity"), the principal sum of _____ dollars ($_____). The Company promises to pay interest on the outstanding principal amount of this Note at a rate equal to ___% (the "Interest Rate"). Interest on the Notes will accrue at the Interest Rate from the most recent date on which interest has been paid or, if no interest has been paid, from _____ __, 20__. The Company will pay interest semi-annually in arrears on each _____ __, and _____ __, commencing _____ __, 20__. Interest will be computed on the basis of a 360-day year of twelve 30-day months and, in the case of a partial month, the actual number of days elapsed. The Company shall pay interest on overdue principal and on overdue installments of interest from time to time on demand at a rate equal to ___% (the "Default Interest Rate") so long as such Default (as defined in Section 1.1 below) is continuing. This Note is one of the $_____ aggregate principal amount issued of ___% Subordinated Notes due _____, 20__, referred to herein as the Securities.

This Note shall also be subject to the following terms:

ARTICLE 1

DEFINITIONS

OCC 009590

Section 1.1 Definitions

"Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Indebtedness" means (i) any particular Senior Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which the Company is a party) expressly provides that such Senior Indebtedness shall be "Designated Senior Indebtedness" for purposes of this Note and the other Securities and (ii) any other Indebtedness of the Company designated by the Company as of the date hereof; *provided* that such instrument, agreement or other document may place limitations and conditions on the right of such Senior Indebtedness to exercise the rights of Designated Senior Indebtedness.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means, with respect to any Person, and without duplication, (a) all indebtedness, obligations and other liabilities (contingent or otherwise) of such Person for borrowed money (including obligations of the Company in respect of overdrafts, foreign exchange contracts, currency exchange agreements, interest rate protection agreements, and any loans or advances from banks, whether or not evidenced by notes or similar instruments) or evidenced by bonds, debentures, notes or similar instruments (whether or not the recourse of the lender is to the whole of the assets of such Person or to only a portion thereof), (b) all reimbursement obligations and other liabilities (contingent or otherwise) of such Person with respect to letters of credit, bank guarantees or bankers' acceptances, (c) all obligations and liabilities (contingent or otherwise) in respect of leases of such Person (i) required, in conformity with generally accepted accounting principles, to be accounted for as capitalized lease obligations on the balance sheet of such Person, or (ii) required, in conformity with generally accepted accounting principles, to be accounted for as an operating lease, *provided* either (A) such operating lease requires, at the end of the term thereof, that such Person make any payment other than accrued periodic rent in the event that such Person does not acquire the leased real property and related fixtures subject to such lease, or (B) such Person has an option to acquire the leased real property and related fixtures, whether such option is exercisable at any time or under specific circumstances, (d) all obligations of such Person (contingent or otherwise) with respect to an interest rate swap, cap or collar agreement or other similar instrument or agreement, (e) all direct or indirect guaranties or similar agreements by such Person in respect of, and obligations or liabilities (contingent or otherwise) of such Person to purchase or otherwise acquire or otherwise assure a creditor against loss in respect of, indebtedness, obligations or liabilities of another Person of the kind described in clauses (a) through (d), (f) any indebtedness or other obligations described in clauses (a) through (d) secured by any mortgage, pledge, lien or other encumbrance existing on property which is owned or held by such Person, regardless of whether the indebtedness or other obligation secured thereby shall have been assumed by such Person and (g) any and all deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (a) through (f).

"Note" means this Note, as amended or supplemented from time to time in accordance with the terms hereof.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities" means this Note and all other notes with similar terms issued contemporaneously herewith as part of the $ aggregate principal amount issued of % Subordinated Notes due , 20 , together with all other notes accepted from time to time in substitution, renewal or replacement for all or any part thereof including pursuant to Section 3.3, which shall be treated as a single class of securities.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Senior Indebtedness" means the principal of, premium, if any, interest (including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding), rent and end of term payments payable on or in connection with, and, to the extent not included in the foregoing, all amounts payable as fees, costs, expenses, liquidated damages, indemnities, repurchase and other put obligations and other amounts to the extent accrued or due on or in connection with, Indebtedness of the Company, whether outstanding on the date of this Note or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, the foregoing. Notwithstanding the foregoing, the term Senior Indebtedness shall not include (i) the $260,000,000 principal amount of Zero Coupon Convertible Subordinated Debentures Due 2019 of the Company issued under an Indenture dated as of July 2, 1999 as such Indenture may be amended from time to time (with respect to which this Note and the other Securities shall be *pari passu*) (ii) Indebtedness evidenced by this Note or the other Securities (with respect to which this Note and the other Securities shall be *pari passu*), (iii) Indebtedness of the Company to any subsidiary of the Company, a majority of the voting stock of which is owned, directly or indirectly, by the Company, (iv) accounts payable or other indebtedness to trade creditors created or assumed by the Company in the ordinary course of business and (v) any particular Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof expressly provides that such Indebtedness shall not be senior in right of payment to, or is *pari passu* with, or is subordinated or junior to, this Note and the other Securities.

ARTICLE 2

REDEMPTION

OCC 009592

Section 2.1 Right to Redeem.

This Note ~~is~~and the other Securities are redeemable in whole or in part, from time to time, at the option of the Company~~.~~; *provided*, that a Note may be redeemed only in integral

multiples of $1,000. Upon such redemption, the Company shall pay the holder the principal amount of this Note so redeemed plus accrued but unpaid interest on such principal amount.

Section 2.2 Notice of Redemption.

At least 20 days but not more than 60 days before any redemption of all or any portion of this Note, the Company shall mail a notice of redemption by first-class mail, postage prepaid, to the holder of this Note, setting forth the principal amount to be redeemed, the interest on such principal amount that will accrue and be unpaid prior to such redemption and the date for such redemption.

The notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice.

Section 2.3 Effect of Notice of Redemption.

Once notice of redemption is given, pursuant to Section 2.2, the principal amount of this Note so redeemed, plus accrued but unpaid interest thereon, shall become due and payable on the date for such redemption.

Section 2.4 ~~Notes~~Securities Redeemed in Part.

If less than all the Securities are to be redeemed ~~pursuant to Section 2.1,~~, the Company shall select the Securities to be redeemed pro rata or by lot or by another fair and appropriate method; *provided*, that no Securities of a principal amount of $1,000 or less shall be redeemed in part. The Company shall make the selection at least 25 days, but not more than 65 days, before the date selected for the redemption ~~from~~of outstanding Securities not previously called for redemption. ~~The Company may select for redemption portions of the~~ If this Note is to be redeemed in part only, a Note in a principal amount ~~of Securities that have denominations larger than $1,000. Securities and portions of them~~equal to the ~~Company selects shall~~unredeemed portion thereof will be issued in ~~principal~~the ~~amounts~~name of ~~$1,000 or an integral multiple of $1,000.~~the holder thereof in accordance with Section 3.3 hereof.

ARTICLE 3

ADDITIONAL COVENANTS

OCC 009593

Section 3.1 Financial Information; SEC Reports.

The Company will deliver to the holder of this Note (a) as soon as available and in any event within 90 days after the end of each fiscal year of the Company (i) a consolidated balance sheet of the Company and its ~~Subsidiaries~~subsidiaries as of the end of such fiscal year and the related consolidated statements of operations, stockholders' equity and cash flows for such fiscal year, all reported on by an independent public accountant of nationally recognized standing and (ii) a report containing a management's discussion and analysis of the financial condition and results of operations and a description of the business and properties of the

Company and (b) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Company (i) an unaudited consolidated financial report for such quarter and (ii) a report containing a management's discussion and analysis of the financial condition and results of operations of the Company; *provided* that the foregoing shall not be required for any fiscal year or quarter, as the case may be, with respect to which the Company delivers or expects to deliver to the holder an annual report or quarterly report, as the case may be, pursuant to the immediately following paragraph.

The Company shall deliver to the holder, within 15 days after it files such annual and quarterly reports, information, documents and other reports with the SEC, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

Section 3.2 Officers' Certificates.

The Company shall deliver to the holder, within 120 days after the end of each fiscal year of the Company, an officers' certificate in which one of the two officers signing such certificate is either the principal executive officer, principal financial officer or principal accounting officer of the Company (an "Officers' Certificate"), stating whether or not to the knowledge of the signers thereof the Company is in Default in the performance and observance of any of the terms, provisions and conditions of this Note or any of the other Securities (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in Default, specifying all such Defaults and the nature and status thereof of which the signers may have knowledge.

The Company will deliver to the holder, as soon as possible and in any event within five days, upon becoming aware of any Default in the performance or observance of any covenant, agreement or condition contained in this Note or any other Securities, or any Event of Default, an Officers' Certificate specifying with particularity such Default or Event of Default and further stating what action the Company has taken, is taking or proposes to take with respect thereto.

OCC 009594

Section 3.3 Registration and Transfer.

(a) The Company will keep at its principal office a register in which the Company will provide for the registration of the Securities and their transfer. The Company may treat any Person in whose name this Note is registered on such register as the owner thereof for the purpose of receiving payment of the principal and redemption price of and interest on the Note and for all other purposes, whether or not the Note shall be overdue, and the Company shall not be affected by any notice to the contrary from any Person other than such Person. All references herein to a "holder" of this Note shall mean the Person in whose name the Note is at the time registered on such register.

(b) This Note may not be transferred or subdivided in principal amounts of less than the lesser of $25 million or the actual principal amount of this Note. Subject to the foregoing sentence, upon surrender of this Note for registration of transfer as otherwise permitted

herein or for exchange to the Company at its principal office or upon a partial redemption of the Note, the Company, at its expense, will execute and deliver in exchange therefor a new Note or Notes, as the case may be, which aggregate the unpaid principal amount of the Note, registered as such holder or transferee may request, dated so that there will be no loss of interest on the surrendered Note and otherwise of the same class of Securities and of like tenor.

(c) Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of the Note and, in the case of any such loss, theft or destruction of the Note, upon delivery of an indemnity bond in such reasonable amount as the Company may determine (or, at the discretion of the Company, an unsecured indemnity agreement from the holder), or, in the case of any such mutilation, upon the surrender of such Note for cancellation to the Company at its principal office, the Company at its expense will execute and deliver, in lieu thereof, a new Note of the same class of Securities and of like tenor, dated so that there will be no loss of interest on (and registered in the name of the holder of) such lost, stolen, destroyed or mutilated Note. Any Note in lieu of which any such new Note has been so executed and delivered by the Company shall be deemed to be not outstanding.

Section 3.4 Payment.

The Company shall make each payment (including principal or redemption price of or interest on the Note or other amounts) hereunder not later than 11 a.m., New York City time, on the date when due in immediately available U.S. dollars. Each such payment shall be made to the holder pursuant to written instructions from such Holder to the Company, including pursuant to wire transfer instructions. Notwithstanding anything to the contrary contained in this Note, the Company may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from payments on the Note required hereunder.

ARTICLE 4

SUCCESSOR CORPORATION

OCC 009595

Section 4.1 When the Company May Merge or Transfer Assets.

The Company shall not consolidate with or merge with or into any other Person (other than in a merger or consolidation in which the Company is the surviving or continuing Person) or sell, convey, transfer, assign or lease its properties and assets substantially as an entirety to any Person, unless:

(i) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, conveyance, transfer, assignment or lease the properties and assets of the Company substantially as an entirety shall be a corporation, limited liability company, partnership or trust organized and validly existing under the laws of the United States or any State thereof or the District of Columbia, and shall expressly assume by a note, executed and delivered to the holder in form reasonably satisfactory to the

holder, the due and punctual payment of the then outstanding principal amount of this Note, and accrued but unpaid interest thereon, and the due and punctual performance of all of the covenants and obligations of the Company under this Note; and

(ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

The successor Person formed by such consolidation or into which the Company is merged or the successor Person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Note with the same effect as if such successor had been named as the Company herein; and thereafter the Company shall be discharged from all obligations and covenants hereunder.

ARTICLE 5

DEFAULTS AND REMEDIES

Section 5.1 Events of Default.

An "Event of Default" occurs if:

(1) the Company defaults in the payment of interest on the Note when the same becomes due and payable, whether or not such payment shall be prohibited by Article 6 hereof, and such failure continues for 60 days after receipt by the Company of a Notice of Default;

(2) the Company defaults in the payment of the principal amount when the same becomes due and payable at the Stated Maturity or upon redemption, whether or not such payment shall be prohibited by Article 6 hereof;

(3) the Company fails to comply with any of its agreements or covenants herein (other than those referred to in clause (2) above) and such failure continues for 60 days after receipt by the Company of a Notice of Default;

(4) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company under any Bankruptcy Law, and such decree or order shall have continued undischarged and unstayed for a period of 60 consecutive days; or a decree or order of a court having jurisdiction in the premises of the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Company or of its property, or for the winding-up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of 60 consecutive days; or

(5) the Company shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under any Bankruptcy Law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of its property or shall make an

assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

A Default under clause (3) above is not an Event of Default until the holders of at least 25% ~~in~~of the then-outstanding principal amount ~~at the time outstanding on~~of the Securities notify the Company of the Default and the Company does not cure such Default (and such Default is not waived) within the 60 days after actual receipt of such notice (a "Notice of Default"). Any such notice must specify the Default, demand that it be remedied and state that such notice is a Notice of Default.

Section 5.2 Acceleration.

If an Event of Default (other than an Event of Default specified in clause (4) or (5) of Section 5.1 hereof) occurs and is continuing, the holders of at least 25% ~~in~~ of the then-outstanding principal amount ~~at the time outstanding on~~of the Securities, by notice to the Company may declare the outstanding principal amount and any accrued but unpaid interest thereon to the date of declaration to be immediately due and payable. Upon such a declaration, such principal amount and accrued but unpaid interest shall become and be due and payable immediately. If an Event of Default specified in clause (4) or (5) of Section 5.1 hereof occurs and is continuing, the principal amount and any accrued but unpaid interest shall become and be immediately due and payable without any declaration or other act on the part of the holder. The holders of a majority ~~in aggregate~~of the then-outstanding principal amount ~~at the time outstanding on~~of the Securities, by notice to the Company, may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of the principal amount and interest thereon that has become due solely as a result of acceleration. No such rescission shall affect any subsequent or other Default or Event of Default or impair any consequent right.

Section 5.3 Other Remedies.

If an Event of Default occurs and is continuing, the holder may pursue any available remedy to collect the payment of the outstanding principal amount and any accrued but unpaid interest on this Note or to enforce the performance of any provision hereof.

A delay or omission by the holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

OCC 009597

Section 5.4 Waiver of Past Defaults.

The holders of a majority ~~in aggregate~~of the then-outstanding principal amount ~~at the time outstanding on~~of the Securities, by notice to the Company, may waive an existing Default or Event of Default and its consequences except (1) an Event of Default described in clause (1), (2) or (3) of Section 5.1 or, (2) a Default in respect of a provision that under Section 7.2 hereof cannot be amended without the consent of each holder affected. When a Default or Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any consequent right.

Section 5.5 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Note, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 5.5 does not apply to a suit by the holder for the enforcement of the payment of the principal amount or accrued but unpaid interest on or after the due date.

Section 5.6 Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company from paying all or any portion of the principal amount or any interest thereon, as contemplated herein, or which may affect the covenants or the performance of this Note.

ARTICLE 6

SUBORDINATION

Section 6.1 Agreement of Subordination.

The obligations arising from this Note and the other Securities shall rank *pari passu* with those of the Company's $260,000,000 principal amount of Zero Coupon Convertible Subordinated Debentures Due 2019 issued under an Indenture dated as of ~~the Company~~July 2, 1999, as such Indenture may be amended from time to time.

The payment of the principal amount or interest thereon in respect of this Note shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right of payment to the prior payment in full in cash or other payment satisfactory to the holders of Senior Indebtedness of all Senior Indebtedness of the Company, whether outstanding at the date of this Note or thereafter incurred, or thereafter created, assumed or guaranteed.

No provision of this Article 6 shall prevent the occurrence of any Default or Event of Default hereunder.

Section 6.2 Notice to the Holders ~~of the Note~~

The Company shall give prompt written notice to the holder of any fact known to the Company which would prohibit the making of any payment of monies in respect of this Note pursuant to the provisions of this Article 6, but failure to give such notice shall not affect the subordination of the Securities to the Senior Indebtedness as provided in this Article 6.

Section 6.3 Payments to the Holder.

No payment shall be made with respect to the payment of any principal or interest on this Note, if:

(i) a default in any payment obligations in respect of Designated Senior Indebtedness occurs and is continuing, without regard to any applicable period of grace (whether at maturity or at a date fixed for payment or by declaration or otherwise); or

(ii) any other default occurs and is continuing with respect to Designated Senior Indebtedness that permits the holders of such Designated Senior Indebtedness as to which such default relates to accelerate its maturity and the Company receives a notice of the default (a "Payment Blockage Notice") from a holder, or a representative of holders, of Designated Senior Indebtedness.

If the Company receives any Payment Blockage Notice pursuant to clause (ii) above, no subsequent Payment Blockage Notice shall be effective for purposes of this Section unless and until at least 365 days shall have elapsed since the initial effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Company shall be the basis for a subsequent Payment Blockage Notice (it being acknowledged that (x) any action of the Company or any of its ~~Subsidiaries~~subsidiaries occurring subsequent to delivery of a Payment Blockage Notice that would give rise to any event of default pursuant to any provision of Senior Indebtedness under which an event of default previously existed (or was continuing at the time of delivery of such Payment Blockage Notice) shall constitute a new event of default for this purpose and (y) any breach of a financial covenant giving rise to a nonpayment default for a period ending subsequent to the date of delivery of the respective Payment Blockage Notice shall constitute a new event of default for this purpose).

The Company may and shall resume payments on and distributions in respect of this Note:

(1) in case of a default referred to in clause (i) above, the earlier of the date upon which the default is cured or waived in accordance with the terms of the governing instrument or ceases to exist, or

(2) in the case of a default referred to in clause (ii) above, the earlier of the date upon which the default is cured, waived in accordance with the terms of the governing instrument or ceases to exist or 179 days pass after the applicable Payment Blockage Notice is received if the maturity of such Designated Senior Indebtedness has not been accelerated, unless this Article 6 otherwise prohibits the payment or distribution at the time of such payment or distribution.

Upon any payment by the Company or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding-up or liquidation or reorganization or bankruptcy of the Company, whether voluntary or involuntary, or insolvency, receivership or similar proceedings relating to the Company or its property, or an assignment for the benefit of creditors or any marshaling of the Company's assets or liabilities, all amounts due or to become due upon all Senior Indebtedness of the Company

shall first be paid in full in cash or other payment satisfactory to the holders of such Senior Indebtedness before any payment is made on account of the principal or interest in respect of this Note, and upon any such dissolution or winding-up or liquidation or reorganization or bankruptcy of the Company, whether voluntary or involuntary or insolvency, receivership or similar proceedings relating to the Company or its property, or an assignment for the benefit of creditors or any marshaling of the Company's assets or liabilities, any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holder of this Note would be entitled, except for the provisions of this Article 6, shall (except as aforesaid) be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the holder of this Note if received by them or it, directly to the holders of Senior Indebtedness of the Company, as their respective interests may appear, or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any such Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all such Senior Indebtedness in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness, before any payment or distribution is made to the holders of this Note or the other Securities.

In the event that, notwithstanding the foregoing provisions, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (including, without limitation, by way of setoff or otherwise), prohibited by the foregoing provisions in this Section 6.3, shall be received by the holder of this Note before all Senior Indebtedness of the Company is paid in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of Senior Indebtedness of the Company or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any such Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by the Company, for application to the payment of all such Senior Indebtedness remaining unpaid to the extent necessary to pay all such Senior Indebtedness in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness.

For purposes of this Article 6, the words cash, property or securities shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated, at least to the extent provided in this Article 6 with respect to this Note, to the payment of all Senior Indebtedness of the Company which may at the time be outstanding; *provided* that (i) such Senior Indebtedness is assumed by the new corporation, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of such Senior Indebtedness (other than leases that are not assumed by the Company or the new corporation, as the case may be) are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another corporation shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 6.3.

Section 6.4 Subrogation

Subject to the payment in full in cash or other payment satisfactory to the holders of Senior Indebtedness of all Senior Indebtedness of the Company, the rights of the holder of this Note shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to such Senior Indebtedness until the principal and interest on this Note shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of such Senior Indebtedness of any cash, property or securities to which the holder of this Note would be entitled except for the provisions of this Article 6, and no payment over pursuant to the provisions of this Article 6, to or for the benefit of the holders of such Senior Indebtedness by the holder of this Note, shall, as between the Company, its creditors other than holders of its Senior Indebtedness, and the holder of this Note be deemed to be a payment by the Company to or on account of the Senior Indebtedness; and no payments or distributions of cash, property or securities to or for the benefit of the holder of this Note pursuant to the subrogation provisions of this Article 6, which would otherwise have been paid to the holders of Senior Indebtedness shall be deemed to be a payment by the Company to or for the account of this Note. It is understood that the provisions of this Article 6 are and are intended solely for the purpose of defining the relative rights of the holder of this Note, on the one hand, and the holders of Senior Indebtedness, on the other hand.

Nothing contained in this Article 6 or elsewhere herein is intended to or shall impair, as between the Company, its creditors other than the holders of its Senior Indebtedness and the holder of this Note, the obligation of the Company, which is absolute and unconditional, to pay to the holder of this Note the principal and interest in respect of this Note as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the holder of this Note and creditors of the Company other than the holders of its Senior Indebtedness, nor shall anything herein or therein prevent the holder of this Note from exercising all remedies otherwise permitted by applicable law upon default under this Note, subject to the rights, if any, under this Article 6 of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Section 6.5 No Impairment of Subordination.

No right of any present or future holder of any Senior Indebtedness of the Company to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by (i) any amendment of or addition or supplement to any such Senior Indebtedness or any instrument or agreement relating thereto (unless otherwise expressly provided therein), or (ii) any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of the instrument, regardless of any knowledge thereof which any such holder may have or otherwise be charged with or (iii) a failure to act by the holder of this Note or the failure of such holder to comply with this Note.

Section 6.6 Reliance By Holders Of Senior Indebtedness On Subordination Provisions.

The holder of this Note by such holder's acceptance hereof, acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness of the Company, whether such Senior Indebtedness was created, assumed or acquired before or after the date hereof, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness, and no amendment or modification of the provisions contained herein shall diminish the rights of such holder or holders unless such holder or holders shall have agreed in writing thereto.

Section 6.7 Reinstatement of Subordination.

If, at any time, all or part of any payment of any Senior Indebtedness theretofore made by the Company or any other Person is rescinded or must otherwise be returned by the holders of such Senior Indebtedness for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Company or such other Person), these subordination provisions shall continue to be effective or be reinstated, as the case may be, all as though such payment had not been made.

Section 6.8 Permitted Payments.

Nothing contained in this Article 6 or elsewhere herein shall prevent the Company at any time, except under the conditions described in Section 6.3 hereof, from making payments at any time of principal or interest in respect of this Note, if such payment would not have been prohibited by the provisions of Section 6.3 hereof.

Section 6.9 Reliance On Judicial Order Or Certificate Of Liquidating Agent.

Upon any payment or distribution of assets of the Company referred to in this Article 6, the holder of this Note shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the holder of this Note, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 6.

ARTICLE 7

Amendments

Section 7.1 Without Consent of Holder.

The Company may amend the Securities, including this Note, without the consent of the holder thereof:

(1) to cure any ambiguity or to correct or supplement any provision contained ~~herein or~~ in ~~any supplemental note~~the Securities which may be defective or inconsistent with any other provision contained ~~herein or~~ in ~~any supplemental note~~the Securities, or to make such other provisions with regard to matters or questions arising under ~~this~~the ~~note~~Securities which shall not materially adversely affect the interests of the ~~holder~~holders of the Securities;

(2) to ~~provide for the assumption of the Company's obligations to the holder of the~~comply with Section 4.1 of this Note ~~in case of a merger~~, or ~~consolidation or sale of all or substantially all of the Company's assets; or~~

(3) to comply with any requirements of the SEC or to comply with the provisions of the Trust Indenture Act of 1939;

(4) to make any change that would provide any additional benefit or rights to the holder; or

(5) ~~(3)~~ to make any change that does not adversely affect the right of the ~~holder~~holders.

Section 7.2 With Consent of Holder.

The Company, with the written consent of the holders of at least a majority ~~in~~of the ~~aggregate~~then-outstanding principal amount ~~at the time outstanding on~~of the Securities, may amend the Securities, including this Note. However, without the consent of each holder affected, an amendment or supplement to ~~this~~the ~~Note~~Securities may not:

(1) make any change to the principal amount owed to a holder who must consent to an amendment;

(2) make any change to the manner or rate of accrual of interest or reduce the rate of interest, including defaulted interest, referred to on the face of ~~this~~a ~~Note~~Security or extend the time for payment of the interest on ~~this~~a ~~Note~~Security;

(3) reduce the principal amount of ~~this Note~~a Security or extend the Stated Maturity;

(4) make the ~~Note~~Security payable in money or securities other than that stated in the ~~Note~~Security;

(5) make any change in Article 6 hereof that adversely affects the rights of any holder; or

(6) make any change in Section 5.4 hereof or this Section ~~7.2, except to increase the percentage of holders referenced in Section 5.4.~~7.2.

OCC 009603

It shall not be necessary for the consent of the holders under this Section 7.2 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

~~An amendment under this Section 7.2 or Section 7.1 hereof may not make any change that adversely affects the rights under Article 6 hereof of any holder of Senior Indebtedness then outstanding unless the requisite holders of such Senior Indebtedness consent to such change pursuant to the terms of such Senior Indebtedness.~~

After an amendment under this Section 7.2 becomes effective, the Company shall mail to each holder of the Securities a notice briefly describing the amendment.

ARTICLE 8

MISCELLANEOUS

Section 8.1 Notices.

Any request, demand, authorization, notice, waiver, consent or communication shall be in writing and delivered in Person or mailed by first class mail, postage prepaid, addressed as follows or transmitted by facsimile transmission (confirmed by overnight courier) to the following facsimile numbers:

if to the Company:

WellPoint Health Networks Inc.
1 WellPoint Way
Thousand Oaks, California 91362
Attn: General Counsel
Telephone Number: (805) 557-6110
Facsimile Number: (805) 557-6820

if to the holder:

_____

_____

Attn:
Telephone Number:
Facsimile Number:

Any notice sent by facsimile shall be effective on the date such facsimile is sent, and any notice sent by first class mail shall be effective three days after being mailed.

Section 8.2 Separability Clause.

OCC 009604

In case any provision in this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 8.3 Governing Law.

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS NOTE.

Section 8.4 No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company hereunder or for any claim based on, in respect of or by reason of such obligations or their creation.

Section 8.5 Assignment.

This Note shall not be assignable or transferable by the Company or by the holder hereof. This Note shall be binding upon and inure to the benefit of the Company, the holder and their respective heirs, successors and assigns, if any.

Section 8.6 Investment Purposes.

The holder hereby represents that it is acquiring this Note solely for purpose of investment and not with a view to, or for resale in connection with, any distribution thereof in violation of the Securities Act.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Note on behalf of the respective parties hereto as of the date first written above.

WELLPOINT HEALTH NETWORKS INC.

By: _____
Name:
Title:

Agreed and accepted:

[HOLDER]

By: _____
Name:
Title: