

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Agreement”) is entered into as of _____, by and among Blue Cross and Blue Shield of Kansas, Inc., a Kansas mutual life insurance company (the “Company”), Anthem Insurance Companies, Inc., an Indiana mutual insurance company (“Anthem” or the “Purchaser”), and _____, a _____, as escrow agent (the “Escrow Agent”). Capitalized terms used and not defined herein have the meanings given to them in the Alliance Agreement, as defined below.

RECITALS

- A. Pursuant to the Plan of Conversion (the “Plan”), the Company will be converted (the “Conversion”) from a mutual insurance company to a stock insurance company.
- B. Pursuant to the Alliance Agreement, dated as of May 30, 2001, as amended, between the Company and Anthem (the “Alliance Agreement”), upon the Conversion, the Company will sell all of its issued and outstanding stock to Anthem for the Purchase Price.
- C. At the Closing, pursuant to the Alliance Agreement and the Plan, the Company will deposit the Purchase Price, or a portion thereof, into a separately designated investment account established on or prior to the Conversion Date pursuant to this Agreement.
- D. The parties desire to arrange for such escrow and appoint the Escrow Agent as escrow agent in accordance with the terms hereof.

AGREEMENT

In consideration of the mutual promises contained herein and for other good and valuable consideration, receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

- 1. Escrow Agreement. This Agreement is being executed and delivered pursuant to Section 2.07 of the Alliance Agreement and Section 6.3 of the Plan and is the Escrow Agreement referred to therein. The purpose of the Escrow Fund (as defined below) is to provide funding for the payment by the Company of (i) the net after-Tax amount of all Contingent Litigation Matter Costs (including Indemnifiable Tax Costs arising from any Tax Escrow Dispute), (ii) Tax matters described in Section 2.08(b)(iv) of the Alliance Agreement (but only to the extent of the amount of any reserve established for each such matter pursuant to Section 2.08(b)(iv) of the Alliance

Agreement), and (iii) such other amounts specified in this Agreement or in the Alliance Agreement (all as certified by the Policyholder Committee and Purchaser as due for payment in accordance with the procedures set forth in this Agreement), and following the satisfaction of all such Contingent Litigation Matter Costs and such other costs and expenses, to provide security for the payment by the Company of amounts payable to Eligible Policyholders under the Plan.

2. Appointment of the Escrow Agent. The Escrow Agent is hereby appointed to act as escrow agent in accordance with the terms hereof, and the Escrow Agent hereby accepts such appointment.

3. Escrow Fund.

3.1 Deposits into Escrow Fund.

(a) Initial Deposit. At the Closing, the Company shall deposit the Purchase Price received by it into a separately designated investment account established on or prior to the Conversion Date (the “Escrow Fund”) pursuant to this Agreement, provided that prior to the Conversion Date the Company and Purchaser may agree that the Company will deposit a portion of the Purchase Price into the Escrow Fund and distribute the remaining portion to the Eligible Policyholders in accordance with Section 6.2(f) of the Plan. The amount so deposited into the Escrow Fund pursuant to this Section 3.1(a) shall be referred to as the “Initial Deposit.” If requested by the Company, the Purchaser shall deposit the Initial Deposit into the Escrow Fund on behalf of the Company.

(b) Deposit in Respect of Tax Deduction. If there is a Final Determination that the Company is permitted to deduct all or any portion of the Special Distribution for federal or state income tax purposes, the Company shall promptly thereafter deposit in the Escrow Fund (so long as the Escrow Fund has not been terminated in accordance with the terms of this Agreement) an amount equal to 50% of the aggregate reduction in Taxes payable by the Company or its Affiliates that is attributable to such deduction, reduced by (i) 50% of the out-of-pocket fees and expenses incurred by the Company that are directly attributable to the defense of such deduction, and (ii) 100% of the out-of-pocket costs incurred by the Company in connection with such distribution. Within sixty (60) days following any such Final Determination, the Company shall deliver to the Policyholder Committee a Certificate setting forth its calculation of the amount payable to the Escrow Fund. The Policyholder Committee may object to such calculation within twenty (20) days after its receipt thereof. Any dispute shall be resolved in accordance with Section 7.9 hereof.

(c) Deposit of Net Insurance Recoveries. From time to time, promptly after receipt thereof, the Company shall deposit into the Escrow Fund all amounts that constitute Net Insurance Recoveries. Contemporaneously with each such deposit, the

Company shall deliver a Certificate setting forth the amount of Net Insurance Recoveries so deposited. Anthem, the Purchaser and the Company shall use commercially reasonable efforts to effect such recoveries.

(d) Other Amounts. From time to time if required by Section 7.05(e) of the Alliance Agreement, the Company shall deposit into the Escrow Fund all amounts required to be deposited pursuant to Section 7.05(e).

3.2 Investments.

(a) Permitted Investments. The Escrow Agent shall invest and reinvest the amounts held in the Escrow Fund from time to time solely in obligations issued, or directly and unconditionally guaranteed as to timely payment of principal and interest by, the United States of America, or an agency or instrumentality thereof and backed by the full faith and credit of the United States of America, in each case maturing in not more than one year from the date of investment. The Escrow Agent shall (to the extent permitted by the terms of the applicable investment) sell or redeem any such investment as necessary to make any payments required pursuant to this Agreement and shall not be responsible for any losses or penalties incurred as a result of any such sale or redemption. The Escrow Agent shall make all investments, reinvestments, sales and redemptions pursuant to this Agreement exclusively through third-party brokers and dealers. Notwithstanding anything contained herein to the contrary, the Escrow Agent shall neither act as broker or dealer for the Escrow Fund nor engage in any principal transactions with the Escrow Fund.

(b) Investment Company Act Exemption. Prior to the Conversion Date, the Company shall have received a no-action letter or exemptive order from the Securities and Exchange Commission, or an opinion from nationally recognized legal counsel, in form and substance satisfactory to the Company to the effect that the Escrow Fund is not required to be registered as an “investment company” under the Investment Company Act of 1940, as amended.

3.3 Costs and Expenses. All costs and expenses of maintaining the Escrow Fund, including the fees and expenses of the Escrow Agent, the costs and expenses of making distributions out of the Escrow Fund and the fees and expenses of the Policyholder Committee (including, without limitation, the costs and expenses of maintaining liability insurance for the Policyholder Committee as set forth in Section 2.07(f) of the Alliance Agreement), shall be borne by the Escrow Fund.

3.4 Retention of Accrued Earnings in Escrow Fund. Interest, net realized gains and other earnings accrued on the amounts held in the Escrow Fund shall be added to the Escrow Fund and shall be treated by all parties as income of the Company for federal and state Tax purposes. The Escrow Agent is directed to file all required reports

and returns with the appropriate taxing authorities reflecting that the income earned on the amounts held in the Escrow Fund is the income of the Company. The Company shall provide the Escrow Agent with such information regarding the Company as may be necessary to enable the Escrow Agent to make any Tax filings in connection with this Agreement, including its taxpayer identification number.

3.5 Term of the Escrow Fund. The Escrow Fund shall continue until the Contingent Litigation Matter has been finally disposed of by binding settlement, court order or otherwise, all Tax matters for which a reserve has been established pursuant to Section 2.08(b)(iv) of the Alliance Agreement or which are the subject of a Tax Escrow Dispute have had a Final Determination, all amounts that are reasonably recoverable from any insurer in respect of the Contingent Litigation Matter Costs are recovered, and all amounts in the Escrow Fund have been paid or distributed by the Escrow Agent in accordance with this Agreement and the Alliance Agreement. Upon delivery by the Company and the Policyholder Committee of a Certificate certifying that all such amounts have been paid, the Escrow Fund shall terminate and all remaining amounts held in the Escrow Fund shall be distributed to the Eligible Policyholders.

3.6 Release of Amounts from Escrow Fund and Termination of Escrow.

(a) Interim Release of Amounts from Escrow Fund. From time to time as it incurs costs and expenses constituting Contingent Litigation Matter Costs or Indemnifiable Tax Costs, the Company may deliver to the Escrow Agent, with a copy to the Policyholder Committee, a written notice in the form attached hereto as Exhibit A (an “Escrow Company Funds Notice”) setting forth its calculation of the net after-tax amount of costs and expenses that constitute indemnifiable Contingent Litigation Matter Costs or Indemnifiable Tax Costs that have been incurred or paid but not reimbursed to date out of the Escrow Fund and showing in reasonable detail the principal components of such calculation. The Company shall grant the Policyholder Committee reasonable access to the records and Returns of the Company and Purchaser for the sole purpose of verifying the reimbursement requested in the Escrow Company Funds Notice. If, following receipt of any such Escrow Company Funds Notice, either (i) the Escrow Agent receives from the Policyholder Committee a Certificate stating that it agrees with the information set forth in the Escrow Company Funds Notice, or (ii) within twenty (20) days of the date the Escrow Company Funds Notice is delivered to the Escrow Agent, the Escrow Agent has not received a notice of objection, in the form of a Certificate, disputing in good faith payment of all or any portion of the amount specified in the Escrow Company Funds Notice (a “Notice of Objection”) from the Policyholder Committee, the amount specified in the Escrow Company Funds Notice shall be released by the Escrow Agent and distributed to the Company. If the Policyholder Committee timely delivers a Notice of Objection, then the Escrow Agent shall (x) release any undisputed amount from the Escrow Fund and distribute such amount to the Company, and (y) continue to hold any disputed amount in the Escrow Fund in escrow until resolution of such dispute as

provided in Section 7.9(a) below. Within ten (10) days after being notified in writing of the final resolution of any such dispute, the Escrow Agent shall distribute any amount resolved in favor of the Company together with interest thereon at a rate per annum of 7% calculated from the date of the Escrow Company Funds Notice.

(b) Final Release of Amounts from Escrow Fund. Within ninety (90) days following the date that the Contingent Litigation Matter has been finally disposed of by binding settlement, court order or otherwise, the Company shall deliver to the Escrow Agent, with a copy to the Policyholder Committee, an Escrow Company Funds Notice, in the form of a Certificate (the “Final Disposition Escrow Company Funds Notice”). The Company shall grant the Policyholder Committee reasonable access to the records and Returns of the Company and Purchaser for the sole purpose of verifying the reimbursement requested in the Final Disposition Escrow Company Funds Notice. If, following receipt of the Final Disposition Escrow Company Funds Notice, either (i) the Escrow Agent receives from the Policyholder Committee a Certificate in the form of Exhibit B hereto stating that it agrees with the information set forth in the Final Disposition Escrow Company Funds Notice, or (ii) within twenty (20) days of the date the Final Disposition Escrow Company Funds Notice is delivered to the Escrow Agent, the Escrow Agent has not received a Notice of Objection from the Policyholder Committee, the Escrow Agent shall distribute to the Company the amount for which it sought reimbursement in the Final Disposition Escrow Company Funds Notice, and distribute the entire remaining amount held in the Escrow Fund, after retaining all amounts required by this Section 3.6(b) to be retained, to the Eligible Policyholders. If the Policyholder Committee timely delivers a Notice of Objection disputing in good faith payment of all or any portion of the amount of reimbursement specified in the Final Disposition Escrow Company Funds Notice, then the Escrow Agent shall (x) release any undisputed reimbursement amount from the Escrow Fund and distribute such amount to the Company, (y) continue to hold any disputed amount in the Escrow Fund in escrow until resolution of such dispute as provided below, and (z) distribute the entire amount held in the Escrow Fund, after retaining all amounts required by this Section 3.6(b) to be retained, to the Eligible Policyholders. Prior to the release of any amounts to be distributed from the Escrow Fund to the Eligible Policyholders pursuant to this Section 3.6(b), the Escrow Agent shall deliver to the Company and the Policyholder Committee written notice (“Policyholder Distribution Notice”) of its intention to make such distribution indicating the amount thereof, how such amount has been calculated, and the amount and designated purpose of all amounts that will be retained in the Escrow Fund after such distribution is made. Within twenty (20) days after its receipt of the Policyholder Distribution Notice, the Company shall deliver to the Escrow Agent a Certificate showing in reasonable detail the amount of out-of-pocket costs and expenses that are reasonably expected to be incurred in the future in connection with the assessment or collection of the Indemnifiable Tax Costs and effecting the Net Insurance Recoveries, or other costs and expenses of maintaining the Escrow Fund as described in Section 3.3. The Policyholder Committee shall be entitled to dispute such amounts

pursuant to the procedures set forth in Section 7.9(a) hereof (such amounts as finally resolved, and after giving credit for any reasonably expected after-Tax earnings thereon during the period for which such amounts will be retained in the Escrow Fund as determined by the Escrow Agent, being referred to as the “Expected Costs and Expenses”). When making any distribution from the Escrow Fund to the Eligible Policyholders, the Escrow Agent shall retain in the Escrow Fund, and the amount of such distribution shall not include: (i) the amount, if any, attributable to all unresolved reimbursement disputes with respect to the Escrow Company Funds Notices delivered by the Company, (ii) the amount of any and all reserves which have been established with respect to Tax Escrow Disputes or pursuant to Section 2.08(b)(iv) of the Alliance Agreement with respect to Tax matters, for which, in either case, there has been no Final Determination, (iii) the Expected Costs and Expenses and (iv) any Taxes required to be withheld from such distribution. Within ten (10) days after being notified in writing of the final resolution of any reimbursement dispute, or the Final Determination of any Tax Escrow Dispute or Tax matter for which a reserve has been established pursuant to Section 2.08(b)(iv) of the Alliance Agreement, the Escrow Agent shall (i) distribute to the Company all amounts resolved in favor of the Company, together with interest on such amounts (except for amounts attributable to a Tax Escrow Dispute or a Tax matter for which a reserve has been established pursuant to Section 2.08(b)(iv) of the Alliance Agreement) at the rate of 7% per annum calculated from the date of the applicable Escrow Company Funds Notice out of which the issue first arose, and (ii) the Escrow Agent shall distribute all amounts resolved in favor of the Policyholder Committee to the Eligible Policyholders. Within ten (10) days after receipt of the final amounts that constitute the Net Insurance Recoveries (the “Final Recoverable Amount”), the Escrow Agent shall distribute the Final Recoverable Amount, plus the earnings in the Escrow Fund thereon, to the Eligible Policyholders. The Policyholder Committee may dispute the recovery and amount of any amounts that are reasonably recoverable in respect of the Contingent Litigation Matter in accordance with the provisions of Section 7.9(a) hereof. The Policyholder Committee may also direct the Escrow Agent, in the form of a Certificate, to defer a distribution to the Eligible Policyholders and to accumulate the amount eligible for such distribution in the Escrow Fund for a later aggregate distribution when the Policyholder Committee determines that it would be impractical to make current distributions, taking into account the costs of distribution in relation to the amounts to be distributed.

(c) Distributions to Eligible Policyholders. The Escrow Agent shall distribute all amounts distributable to the Eligible Policyholders pursuant to this Agreement, net of any required withholding Taxes, in accordance with the Plan of Conversion. All such distributions to Eligible Policyholders shall be made by the Escrow Agent with the assistance of the Company. Notwithstanding anything contained herein to the contrary, no amounts in the Escrow Fund need be distributed to Eligible Policyholders if the Policyholder Committee determines that it would be impractical to do so, taking into account the costs of distribution in relation to the amounts to be distributed, and delivers

a certificate to the Escrow Agent to such effect. Any amounts that are not so distributed to Eligible Policyholders shall instead be distributed by the Escrow Agent to a charitable foundation selected by the Policyholder Committee, as set forth in a Certificate delivered to the Escrow Agent.

3.7 Regulatory Oversight. For so long as the Escrow Fund is in existence, the Commissioner of Insurance of the State of Kansas shall retain regulatory oversight over the Escrow Fund, including the investment and distribution of the assets held therein, to ensure that policyholder interests are protected and that the actions of the Policyholder Committee comply with this Agreement, the Alliance Agreement, the Plan and applicable law.

3.8 No Transfer of Rights in Escrow Fund. No Eligible Policyholder shall have any rights whatsoever to sell, assign, transfer, encumber or grant any option or any other interests in such Eligible Policyholder's rights to amounts held in the Escrow Fund pursuant to this Agreement and the Plan of Conversion, except by will, the laws of intestacy or by other operation of law.

4. Investigation of Escrow Company Funds Notices. The Escrow Agent shall have no obligation to investigate or determine the validity or sufficiency of any Escrow Company Funds Notice or any amount requested thereunder. However, on or prior to the second Business Day after the Escrow Agent has received an Escrow Company Funds Notice, or Notice of Objection from the Policyholder Committee pursuant to Section 3.6(a) or 3.6(b), the Escrow Agent shall deliver a copy thereof to the other parties to this Agreement. The Escrow Agent shall also notify the Policyholder Committee on the 15th Business Day following receipt of an Escrow Company Funds Notice if by that date it has not received a Notice of Objection or written certification to pay with respect thereto. The Escrow Agent shall distribute the Escrow Fund:

- (i) as provided in Section 3.6 above; or
- (ii) 10 Business Days after it receives a certified order or ruling from a court ordering or instructing it to do so.

Distributions under (ii) above shall be made even if the Escrow Agent has been advised that an appeal or other relief is being sought, so long as it has not received actual service of a stay of such order or ruling pending appeal. For purposes hereof, "Business Day" shall mean a day other than a Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required to close.

5. Escrow Agent.

5.1 Qualifications. The Escrow Agent shall at all times (a) be a bank, savings and loan association or trust company in good standing, organized and doing business

under the laws of the United States or a state of the United States or a United States branch of a foreign bank, having combined capital and surplus of not less than \$500,000,000; (b) be authorized under the laws governing its organization to exercise corporate trust powers and shall be authorized under such laws and the laws of the State of New York to enter into and perform this Agreement; and (c) be authorized to maintain the Escrow Fund within the State of New York. If the Escrow Agent at any time ceases to have the foregoing qualifications, the Escrow Agent shall give notice of resignation to the parties as provided in Section 6.1 below, and the parties shall thereupon promptly appoint a qualified successor escrow agent in accordance with Section 6.4 below.

5.2 Limitations on Liability of the Escrow Agent.

(a) Reliance. The Escrow Agent may act upon any written notice, certificate, instrument, request, waiver, consent, paper, or other document that the Escrow Agent in good faith reasonably believes to be genuine and to have been made, sent, signed, prescribed, or presented by the proper person or persons. The Escrow Agent shall not be liable for any action taken or omitted by it in connection with the performance of its duties and obligations hereunder, except for its own gross negligence or willful misconduct. The Escrow Agent shall be under no obligation to institute or defend any action, suit or legal proceeding in connection with this Agreement or the escrow created hereunder unless it is indemnified to its satisfaction by the party or parties who desire that it undertake such action.

(b) Notice, Investigation. Except as expressly set forth in this Agreement, the Escrow Agent shall (i) be under no obligation or liability for failure to inform the parties regarding any transaction or facts within the Escrow Agent's knowledge, even though the same may concern the matters described herein, and (ii) not be liable for the sufficiency, correctness or genuineness as to form, manner of execution or validity of any instrument deposited, or as to identity, authority, or rights of any person executing the same.

(c) Conflicting Claims. If the Escrow Agent during or after the term of the escrow receives or becomes aware of any conflicting demands or claims with respect to the Escrow Funds or the rights of any of the parties hereto, or any money or property deposited herein or affected hereby, the Escrow Agent shall have the right to discontinue any or all further acts on its part until such conflict is resolved to its and the parties' satisfaction, and the Escrow Agent shall have the further right to commence or defend any action or proceeding for the determination of such conflict. If the Escrow Agent files suit in interpleader, it shall be fully released and discharged from all further obligations under this Agreement with respect to any amounts deposited with the court in such suit.

(d) Legal Counsel. The Escrow Agent may consult with legal counsel satisfactory to it in connection with any dispute, the construction of any provision of this Agreement, or the duties and obligations of the Escrow Agent under this Agreement.

(e) Release of the Escrow Agent. The retention and distribution of the Escrow Fund in accordance with the terms and provisions of this Agreement shall fully and completely release the Escrow Agent from any obligations or liabilities assumed under this Agreement with respect to such amount.

(f) Compensation of the Escrow Agent. The Escrow Agent shall be entitled to compensation from amounts in the Escrow Fund pursuant to Exhibit D hereto, and reimbursement of fees, costs and expenses, including reasonable attorneys' fees, suffered or incurred by Escrow Agent in connection with the performance of its duties and obligations hereunder.

(g) Indemnification of the Escrow Agent. The Escrow Fund shall be liable for and shall reimburse and indemnify the Escrow Agent and hold the Escrow Agent harmless from and against any and all claims, losses, liabilities, costs, damages or expenses (including reasonable attorneys' fees and expenses) (collectively, "Losses") arising from or in connection with or related to this Agreement or being Escrow Agent hereunder (including Losses incurred by the Escrow Agent in connection with its successful defense, in whole or in part, of any claim of gross negligence or willful misconduct on its part); provided, however, that nothing contained herein shall require the Escrow Agent to be indemnified for Losses caused by its gross negligence or willful misconduct. Notwithstanding anything to the contrary contained herein, this Section 5.2 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

6. Resignation and Removal of the Escrow Agent.

6.1 Resignation. The Escrow Agent or any successor to it may resign and be discharged of its duties and obligations hereunder by delivering notice to the parties specifying the effective date of such resignation, which date shall not be earlier than 30 days following delivery of such notice of resignation. Such resignation shall take effect on the date specified in the notice of resignation, unless a successor escrow agent has been appointed in accordance with the provisions of Section 6.4 and has accepted such appointment, in which case such resignation shall take effect immediately upon receipt by such successor escrow agent of the Escrow Fund.

6.2 Removal. The Escrow Agent may be removed by the joint action of the parties, with or without cause, at any time upon 30 days' prior notice to the Escrow Agent, which notice may be waived by the Escrow Agent.

6.3 Continuance of Services. Notwithstanding any resignation or removal of the Escrow Agent, the Escrow Agent shall continue to serve in its capacity as escrow agent until (a) a successor escrow agent is appointed in accordance with the provisions of

Section 6.4 and has accepted such appointment and (b) the Escrow Fund has been transferred to and received by such successor escrow agent.

6.4 Appointment of Successor the Escrow Agent. If at any time the Escrow Agent resigns, is removed or otherwise becomes incapable of acting as escrow agent pursuant to this Agreement, or if at any time a vacancy occurs in the office of escrow agent for any other cause, the parties shall promptly take the necessary action to appoint a successor escrow agent in accordance with the following provisions of this Section 6.4. Any successor escrow agent shall meet the qualifications set forth in Section 5.1, and shall be appointed by the parties. If no successor escrow agent has been appointed at the effective date of resignation or removal of the Escrow Agent or within 30 days after the time Escrow Agent became incapable of acting or a vacancy occurred in the office of escrow agent, any party hereto may petition a court of competent jurisdiction for an appointment of a successor escrow agent, and the Escrow Agent shall have the right to refuse to make any payments from the Escrow Fund until a successor escrow agent is appointed and has accepted such appointment. Upon the appointment and acceptance of any successor escrow agent hereunder, the Escrow Agent shall transfer the Escrow Fund to its successor. Upon receipt by the successor escrow agent of the Escrow Fund, the Escrow Agent shall be discharged from any continuing duties or obligations under this Agreement, but such discharge shall not relieve the Escrow Agent from any liability incurred prior to such event. The successor escrow agent shall be vested with all rights, powers, duties and obligations of the Escrow Agent under this Agreement.

7. General.

7.1 No Third-Party Beneficiaries. Nothing in this Agreement shall confer any rights or remedies upon any Person not a party or a successor or permitted assignee of a party to this Agreement, nor does anything in this Agreement relieve or discharge any obligation or liability of any third person to any party. No provision of this Agreement gives any third person any right of subrogation or action over or against any party to this Agreement.

7.2 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States return receipt requested, upon receipt; (b) if sent by reputable overnight air courier (such as DHL or Federal Express), two Business Days after delivery to the courier; (c) if sent by facsimile transmission, with a copy sent on the same day in the manner provided in (a) or (b) above, when transmitted and receipt is confirmed by telephone; or (d) if actually personally delivered, when delivered. Any such materials shall be delivered as follows:

if to the Company:

Blue Cross and Blue Shield of
Kansas, Inc.
1133 Topeka Boulevard
Topeka, Kansas 66629
Telecopy No:
Attn: General Counsel

with a copy to:

Debevoise & Plimpton
919 Third Avenue
New York, New York 10022
Telecopy No: (212) 909-6836
Attn: Wolcott B. Dunham, Jr.
James C. Scoville

if to the Escrow Agent:

if to the Purchaser:

Anthem Insurance Companies, Inc.
120 Monument Circle
Indianapolis, Indiana 46204-4903
Telecopy No.: (818) 703-4406
Attention: Executive Vice President and
Chief Legal and Administrative
Officer

with a copy to:

Shipman & Goodwin LLP
One American Row
Hartford, Connecticut 06103-2819
Telecopy No.: (860) 251-2819
Attention: John E. Kreitler, Esq.

if to the Policyholder Committee:

or to such other address or to such other person as any party hereto last designated by notice to the other parties.

7.3 Modification; Waiver. This Agreement may be modified only by agreement in writing of all parties. Any provision of this Agreement may be waived at any time by the party entitled to the benefits thereof. Every amendment or waiver shall be in writing and designated as an amendment or waiver, as appropriate, and signed by all parties. No failure by any party to insist on the strict performance of any provision of this Agreement, or to exercise any right or remedy, shall be deemed a waiver of such performance, right or remedy, or of any other provision of this Agreement.

7.4 Counterparts. This Agreement and any other agreement or document delivered pursuant hereto may be executed in one or more counterparts, all of which shall constitute one and the same instrument.

7.5 Assignment. This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns, but shall not be assignable, by operation of law or otherwise, by any party hereto without the prior written consent of the other parties. Any purported assignment or other transfer made in violation of this Section 7.5 shall be void and unenforceable. Notwithstanding

the foregoing, the Purchaser shall assign this Agreement to Anthem Holding Company or Anthem West, as applicable, if Anthem Holding Company or Anthem West is the purchaser of the Shares, provided, however, that any such assignment shall not relieve the Purchaser of the Purchaser's obligations hereunder.

7.6 Governing Law. This Agreement shall be construed, performed and enforced in accordance with the internal laws of the State of Kansas.

7.7 Entire Agreement. This Agreement, including the Exhibits (which are hereby incorporated by reference and made a part hereof), represents the entire agreement of the parties with respect to the subject matter hereof.

7.8 Severability. If any provision of this Agreement is held invalid by any court, governmental agency or regulatory body, the other provisions to the extent permitted by law shall remain in full force and effect. To the extent permitted by applicable law, the parties hereby waive any provision of law that renders any provision hereof prohibitive or unenforceable in any respect.

7.9 Dispute Resolution and Consent to Jurisdiction. (a) If the Policyholder Committee disputes in good faith payment of all or any portion of the reimbursement requested in either a Escrow Company Funds Notice or a Final Disposition Escrow Company Funds Notice pursuant to Sections 3.6(a) or 3.6(b) hereof and delivers a timely Notice of Objection in the form of Exhibit C hereto to the Escrow Agent, with a copy to the Company, and if the Company and the Policyholder Committee shall not have resolved all of the issues set forth in the Notice of Objection within fifteen (15) days after the Company's receipt of the Notice of Objection, then not more than five (5) days thereafter the Company and the Policyholder Committee shall submit the items remaining in dispute under the Notice of Objection to an accounting firm selected by the Commissioner and reasonably acceptable to the Company and the Policyholder Committee (the "Neutral Auditor"). The fees and expenses of the Neutral Auditor shall be borne equally by the Company and the Escrow Fund. The Neutral Auditor shall act as an arbitrator to determine, based solely on presentations by the Policyholder Committee and the Company, and not by independent review, only those issues still in dispute other than any Tax Escrow Dispute or dispute regarding the disposition of a reserve established pursuant to Section 2.08(b)(iv) of the Alliance Agreement, which shall be resolved in accordance with Section 7.05 of the Alliance Agreement. The Neutral Auditor's determination shall be made within thirty (30) days of the submission of the items remaining in dispute under the Notice of Objection, and shall be set forth in a written statement delivered to the Escrow Agent, with a copy to the Policyholder Committee and the Company, which shall be final, binding and conclusive.

(b) By execution and delivery of this Agreement, each of the parties hereto accepts and consents to the exclusive jurisdiction of the courts of the State of Kansas and

the federal courts sitting in the State of Kansas, for itself and in respect of its property, and waives in respect of both itself and its property any defense it may have as to or based on sovereign immunity, jurisdiction, improper venue or inconvenient forum. Each of the parties hereto irrevocably consents to the service of any process or other papers by the use of any of the methods and to the addresses set for the giving of notices pursuant to this Agreement. Nothing herein shall affect the right of any party hereto to serve such process or papers in any other manner permitted by law.

7.10 Certain Rules of Construction.

(a) Headings, etc. All Article, Section, Subsection or paragraph titles or other captions in this Agreement are for convenience only, are not part of this Agreement and in no way define, limit, extend or describe the scope or intent of any of its provisions.

(b) Interpretation. If any claim is made by a party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion shall be implied because this Agreement was prepared by or at the request of any party or its counsel. The parties waive any statute or rule of law to the contrary.

(c) Conflict with Alliance Agreement. To the extent that the terms of this Agreement conflict with the terms of the Alliance Agreement, the terms of the Alliance Agreement shall apply.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on the day and year first above written.

BLUE CROSS AND BLUE SHIELD OF KANSAS, INC.

By: _____
Name:
Title:

ANTHEM INSURANCE COMPANIES, INC.

By: _____
Name:
Title:

[ESCROW AGENT]

By: _____
Name:
Title:

EXHIBIT A

ESCROW COMPANY FUNDS NOTICE

To: [Escrow Agent]
[Policyholder Committee]

Reference is made to the Escrow Agreement dated as of _____, ____ (the “Escrow Agreement”), among Blue Cross and Blue Shield of Kansas, Inc., a Kansas mutual insurance company (the “Company”), Anthem Insurance Companies, Inc., an Indiana mutual insurance company (“Anthem”), and _____, a _____ (the “Escrow Agent”). Capitalized terms used and not defined herein have the meanings given to them in the Escrow Agreement.

Pursuant to Section 3.6(a) of the Escrow Agreement, the undersigned notifies the Escrow Agent and the Policyholder Committee that it has incurred \$_____ in net after-tax costs and expenses constituting indemnifiable Contingent Litigation Matter Costs or Indemnifiable Tax Costs that have not been reimbursed to date out of the Escrow Fund. Set forth in Annex A attached hereto is a calculation showing in reasonable detail the principal components of such costs and expenses.

[If applicable: The undersigned notifies the Escrow Agent that the Contingent Litigation Matter has been finally disposed of by binding settlement, court order or otherwise.]

Dated:

Blue Cross and Blue Shield of Kansas, Inc.

By: _____
Name:
Title:

EXHIBIT B

**POLICYHOLDER COMMITTEE'S
CERTIFICATION OF THE FINAL
DISPOSITION ESCROW COMPANY FUNDS NOTICE**

To: [Escrow Agent]

Reference is made to the Escrow Agreement dated as of _____, ____ (the "Escrow Agreement"), among Blue Cross and Blue Shield of Kansas, Inc., a Kansas mutual insurance company, Anthem Insurance Companies, Inc., an Indiana mutual insurance company ("Anthem"), and _____, a _____ (the "Escrow Agent"). Capitalized terms used and not defined herein have the meanings given to them in the Escrow Agreement.

Pursuant to Section 3.6(b) of the Escrow Agreement, the undersigned notifies the Escrow Agent as follows:

1. The undersigned has received the Escrow Company Funds Notice of the Company dated _____.
2. The undersigned agrees with the net after-tax amount of the costs and expenses constituting indemnifiable Contingent Litigation Matter Costs or Indemnifiable Tax Costs specified in such notice and hereby certifies the Escrow Company Funds Notice and irrevocably instructs the Escrow Agent immediately to distribute such amounts in accordance with Section 3.6 of the Escrow Agreement.

Dated:

**Policyholder Committee of Blue Cross and Blue
Shield of Kansas**

By: _____
Name:
Title:

EXHIBIT C

**POLICYHOLDER COMMITTEE'S
NOTICE OF OBJECTION TO
ESCROW COMPANY FUNDS NOTICE**

To: [Escrow Agent]

Reference is made to the Escrow Agreement dated as of _____, ____ (the "Escrow Agreement"), among Blue Cross and Blue Shield of Kansas, Inc., a Kansas mutual insurance company, Anthem Insurance Companies, Inc., an Indiana mutual insurance company ("Anthem"), and _____, a _____ (the "Escrow Agent"). Capitalized terms used and not defined herein have the meanings given to them in the Escrow Agreement.

Pursuant to Section 3.6(a) or 3.6(b) of the Escrow Agreement, the undersigned notifies the Escrow Agent as follows:

1. The undersigned has received the Escrow Company Funds Notice of the Company dated _____.
2. The undersigned objects to the release of \$_____ (the "Disputed Amount") of the net after-tax costs and expenses constituting indemnifiable Contingent Litigation Matter Costs or Indemnifiable Tax Costs specified in such notice but hereby irrevocably instructs the Escrow Agent immediately to distribute the balance of such amounts (\$_____) in accordance with Section 3.6 of the Escrow Agreement.
3. The undersigned objects to the release of the Disputed Amount for the following reasons: [describe reason for objection in reasonable detail]

Dated:

**Policyholder Committee of Blue Cross and Blue
Shield of Kansas**

By: _____
Name:

EXHIBIT D

SCHEDULE OF ESCROW AGENT FEES