

**WELLPOINT HEALTH NETWORKS INC.
1 WELLPOINT WAY
THOUSAND OAKS, CALIFORNIA 91361**

April 29, 2003

Mr. Stephen E. Bablitch
Chairman of the Board and
Chief Executive Officer
Cobalt Corporation
401 West Michigan Street
Milwaukee, Wisconsin 53203

Dear Mr. Bablitch:

In connection with our consideration of a possible transaction between WellPoint Health Networks Inc. and/or one or more of its affiliates (together, "WellPoint") and Cobalt Corporation and/or one or more of its affiliates (together, "Cobalt"), each of us may request information concerning the other company. As a condition to being furnished such information, each of us agrees to treat any information concerning the other company (whether provided or prepared by such company, its directors, officers, employees, advisors, representatives or agents (collectively, the "Representatives") or otherwise) which is furnished by or on behalf of one company (collectively, the "Evaluation Material") to the other or any of its directors, officers, employees, representatives, advisors or other agents (collectively, the "Recipients") in accordance with the provisions of this letter and to take or abstain from taking certain other actions as described in this letter. Each of us agrees that we will be responsible hereunder for all actions of our respective Recipients.

The term "Evaluation Material" does not include information which (i) is already in a Recipient's possession or becomes available to a Recipient from a source other than a Representative, provided that such information was lawfully obtained and is not known by such Recipient to be subject to another confidentiality agreement with or other obligation of secrecy to the Representative or another person, or (ii) becomes generally available to the public other than directly or indirectly as a result of a disclosure by a Representative. The term "person" as used in this letter will be broadly interpreted to include without limitation any corporation, company, partnership, individual and the public. The term "company" will include its subsidiaries and affiliates, except where the context otherwise requires.

1. Confidentiality. Each of us hereby agrees that the Evaluation Material will be used solely for the purpose of evaluating a possible transaction between WellPoint and Cobalt, and that such information will be kept private and held in strictest confidence by each of WellPoint and Cobalt and their respective Representatives, except that (i) any of such information may be disclosed to a company's Representatives who need to know such

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information solely for the purpose of evaluating any such possible transaction between them, it being understood that any such Representatives shall be informed of the confidential nature of such information and shall agree, and be directed, to hold such information in confidence, and (ii) any such information may be disclosed only under circumstances and conditions contemplated by section 4 of this letter or to which the disclosing or providing company gives its express prior consent in writing to the Recipient company or its Representatives.

2. Insider Trading Laws. Each of us hereby acknowledges that we are aware, and that we will advise our respective Representatives who are informed as to the matters which are the subject of this letter, that federal and many state securities laws prohibit any person who has received from an issuer material, non-public information concerning the matters which are the subject of this letter from purchasing or selling securities of such issuer or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

3. Confidentiality of Discussions. Without a company's express prior consent in writing or except as may be required by law or the applicable rules of any stock exchange, the other company will not, and will direct its Representatives not to, directly or indirectly, disclose to any person who is not hereby authorized to receive the Evaluation Material either the fact that discussions or negotiations are taking place concerning a possible transaction between us or any of the terms, conditions or other facts with respect to any such possible transaction, including the status thereof. Notwithstanding the foregoing, (i) Cobalt may, in compliance with its obligations pursuant to the Final Decision and Order of the Wisconsin Commissioner of Insurance dated March 28, 2000 (relating to the conversion of Blue Cross & Blue Shield United of Wisconsin) and the Voting Trust and Divestiture Agreement dated March 23, 2001 entered into in accordance with such Order, disclose to Wisconsin United for Health Foundation, Inc. such information as is required to be disclosed thereby (which under the terms of such Agreement shall be subject to the same obligations of confidentiality imposed hereby) and (ii) either party may, if necessary to comply with the fiduciary obligations of the directors of such company, disclose that it is considering a possible transaction provided that such party does not disclose the identity of the other party hereto or the terms, conditions or other facts with respect to any possible transaction with the other party. Notwithstanding anything herein to the contrary, any party to this letter agreement (and any employee, representative, or other agent of any party to this letter) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this letter agreement (the "Transactions") and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure; provided, however, that such disclosure may not be made (i) until the earlier of (x) the date of the public announcement of discussions relating to the Transactions, (y) the date of the public announcement of the Transactions and (z) the date of the execution of an agreement to enter into the Transactions and (ii) to the extent required to be kept confidential to comply with any applicable federal and state securities laws.

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4. Requests for Disclosure. If either company is requested or is required by applicable law (by interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Evaluation Material, such company will provide the other company with prompt notice of such request and requirement so that the other company may consider seeking a protective order. If in the absence of a protective order or the receipt of a waiver hereunder the company receiving the request or requirement is nonetheless, in the written opinion of its counsel, compelled to disclose any Evaluation Material to any tribunal or any other person or else stand liable for contempt or suffer other censure or penalty, such company may disclose such information to such tribunal or other party without liability hereunder.

5. No Representation. Although each company has endeavored to include in the Evaluation Material information known to it which it believes to be relevant for the purpose of any investigation hereunder, each company understands that neither company nor any of its Representatives has made or makes any representation or warranty as to the accuracy (or completeness) of or will have any liability to the other company or its Representatives resulting from the use of or reliance upon the Evaluation Material or any errors therein or omissions therefrom.

6. Termination Date / Return of Materials. Either WellPoint or Cobalt may discontinue the discussions contemplated by this letter at any time and without further obligation to the other party by providing written notice to the other party specifying the date of discontinuation ("Termination Date"). Each company will, promptly following the Termination Date, redeliver to the other company or destroy all written and other tangible Evaluation Material. Each company agrees not to retain any copies, extracts or other reproductions in whole or in part of such Evaluation Material provided by the other company. All documents, memoranda, notes and other writings whatsoever prepared by a company or its Representatives based on or reflecting the information in the Evaluation Material also will be destroyed by the other company, and such destruction will be certified in writing to the company providing such material by an authorized officer supervising such destruction. Notwithstanding the termination of any negotiations, discussions or possible transaction between the parties, Cobalt and WellPoint agree that the obligations contained herein shall survive.

7. No Obligation. Each company agrees that unless and until a definitive agreement between WellPoint and Cobalt with respect to the transaction referred to in this letter has been executed and delivered, neither WellPoint nor Cobalt will be under any legal obligation of any kind whatsoever with respect to such transaction notwithstanding any statements made by any company or its Representatives except for the matters specifically agreed to herein. The agreement set forth in this section 7 may be modified or waived only by a separate writing executed by WellPoint and Cobalt expressly so modifying or waiving such agreement.

8. Contacts; Solicitation and Hiring. WellPoint agrees that (i) all communications regarding a possible transaction, (ii) requests for additional information, facility tours, or management meetings, and (iii) discussions or questions regarding procedures with

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respect to such a transaction, will be submitted or directed only to an individual designated by Cobalt. Accordingly, WellPoint agrees that until the consummation of such a transaction by WellPoint or a third party, WellPoint will not, directly or indirectly, contact or communicate with any officer, director, employee or agent of Cobalt regarding Cobalt or its operations, prospects or finances (except for contacts or communications in the ordinary course of business) without Cobalt's express prior written consent. WellPoint further agrees that, for a period of two years from the date of this letter agreement, it will not, directly or indirectly, solicit for employment or hire any officer or senior employee of Cobalt with whom WellPoint has had contact or who became known to WellPoint in connection with WellPoint's consideration of a transaction pursuant hereto; provided that the foregoing provisions shall not be construed to prohibit contact with or employment of any such person

- (i) resulting from general advertisements for employment conducted by WellPoint or its affiliates or any agent (including any recruitment efforts conducted by any recruitment agency), provided that WellPoint or its affiliates has not directed such recruitment efforts at such person,
- (ii) if WellPoint conclusively establishes that such person approached WellPoint or its affiliates or any such agent on an unsolicited basis, or
- (iii) following cessation of such person's employment with Cobalt without any solicitation or encouragement by WellPoint or its affiliates.

WellPoint further agrees that neither WellPoint nor any of its Representatives will, for a period of one year from the date hereof, knowingly use any Evaluation Material to divert or attempt to divert any business or customer of Cobalt to any other person. The provisions of this Section 8 shall be deemed to be in furtherance of, and not a limitation upon, the other provisions of this letter agreement.

9. Standstill. WellPoint agrees that, for a period of one year from the date of this letter agreement, unless such shall have been specifically invited in writing by Cobalt, neither WellPoint nor any person controlled by WellPoint will in any manner, directly or indirectly, (a) effect or seek, offer, or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way assist any other person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in, (i) any acquisition of any securities (or of beneficial ownership thereof) or assets of Cobalt or any of its subsidiaries; (ii) any tender or exchange offer, merger, or other business combination involving Cobalt or any of its subsidiaries; (iii) any recapitalization, restructuring, liquidation, dissolution, or other extraordinary transaction with respect to Cobalt or any of its subsidiaries; or (iv) any solicitation of proxies or consents to vote any voting securities of Cobalt, or make any public announcement (or request permission to make any such announcement) with respect to the foregoing; (b) seek or propose to convene a special meeting of the stockholders of Cobalt, or to influence or control the management or the policies of Cobalt, or to obtain representation on Cobalt's Board of Directors, or make any public announcement with respect to any of the foregoing or request

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permission to do any of the foregoing; (c) form, join or in any way participate in a "group" (as defined under the Exchange Act), or make any public announcement with respect to any of the foregoing or request permission to do any of the foregoing; (d) take any action which would reasonably be expected to require Cobalt to make a public announcement regarding any of the types of matters set forth in (a), (b) or (c) of this Section 9; (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing; or (f) seek to have Cobalt amend or waive any provision of this Section 9. Notwithstanding the foregoing provisions of this paragraph, if (a)(i) the board of directors of Cobalt approves a transaction with any person and (ii) such transaction would result in such person beneficially owning more than 20% of the outstanding voting securities of Cobalt or securities convertible into more than 20% of the outstanding voting securities of Cobalt, or any options, warrants or other rights to acquire more than 20% of the voting securities of Cobalt, or all or substantially all of the assets of Cobalt (each, a "control stake") or (b) any person or persons acting in concert (other than Cobalt) shall have commenced or publicly announced its intention to commence a tender offer or exchange offer for a control stake, then thereafter WellPoint shall not be prohibited from taking any of the actions described in this paragraph. The parties acknowledge that as of the date of this letter agreement WellPoint and its affiliates beneficially own an aggregate of 712,300 shares of Cobalt Common Stock.

10. Injunctive Relief. Each company agrees that money damages would not be a sufficient remedy for any breach of the agreements in this letter and that the non-breaching company will be entitled to injunctive relief, specific performance or any other appropriate equitable remedies for any such breach. Such remedies shall not be deemed to be exclusive, but shall be in addition to all of the remedies available at law or in equity. In addition, the non-breaching company will be entitled to payment of its legal fees and disbursements, court costs and other expenses of enforcing, defending or otherwise protecting its interests hereunder.

11. Law to Govern; Other Provisions. This letter agreement shall be governed and construed in accordance with the internal laws of the State of Delaware, without regard to conflicts of law principles that would result in the application of the law of another jurisdiction. No failure or delay by either company in exercising any right, power or privilege will operate as a waiver thereof nor will any single or partial exercise preclude any other or further exercise of any right, power or privilege. This letter agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement. This Agreement may not be amended or assigned without the written consent of the parties hereto. This letter agreement shall be deemed to amend and restate in its entirety the confidentiality letter agreement entered into between us dated July 16, 2001 (the "2001 CA"); provided, that (a) information furnished to a Recipient subject to the 2001 CA and which has not subsequently become generally available to the public other than directly or indirectly as a result of disclosure by the Recipient or its Representatives shall continue to be "Evaluation Material" hereunder, and (b) all future periods referenced in Sections 8 and 9 of this letter agreement shall be measured from the date of this letter agreement.

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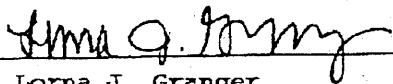
If the foregoing is in accordance with your understanding, please sign the extra copy and return it to the undersigned, whereupon it will become a mutually binding agreement.

Sincerely,


Robert A. Kelly

CONFIRMED AND AGREED TO:

Cobalt Corporation

By: 
Lorna J. Granger
Senior Vice President and General Counsel