PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

1. The Five Million Dollar ($5,000,000) Cash Settlement Amount (the “Settlement Amount”) and the interest earned thereon shall be the Gross Settlement Fund. AMERIGROUP Corporation (“AGP”) has caused its directors and officers liability insurer providing coverage for the claims asserted in the Action to pay the Settlement Amount, on AGP’s behalf, into an escrow account designated by Lead Counsel (the “Settlement Fund”). Any interest earned on the Settlement Fund shall become and remain part of the Gross Settlement Fund.

2. The Gross Settlement Fund, less all taxes, approved costs, attorneys’ fees and/or expenses, including the expenses of administering this Settlement (the “Net Settlement Fund”), shall be distributed to members of the Class who submit timely, valid and acceptable Proof of Claim Forms (“Authorized Claimants”).

3. The Net Settlement Fund will be available to pay claims for losses incurred by Authorized Claimants based upon shares of AGP common stock that such Authorized Claimants purchased or otherwise acquired during the period from February 16, 2005 through September 28, 2005 (the “Class Period”) and continued to hold as of the close of trading on September 28, 2005 (the last day of the Class Period).

4. As described herein, the Claims Administrator shall determine each Authorized Claimant’s pro rata share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Claim.” The Recognized Claim formula is not intended to be an estimate of the amount that a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to this Plan of Allocation. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. All payments made to Authorized Claimants from the Net Settlement Fund pursuant to this Plan of Allocation shall be made in United States Dollars ($).

Calculation of Recognized Claim for Shares of AGP Common Stock Purchased or Otherwise Acquired During the Class Period and Held As of September 28, 2005

5. For each share of AGP common stock purchased or otherwise acquired during the Class Period that an Authorized Claimant continued to hold as of the close of trading on September 28, 2005 (the last day of the Class Period) and did not sell prior to December 27, 2005, the Recognized Claim shall be equal to the lesser of (1) $14.10 per share; or (2) the difference, if a positive number, between the Purchase Price Paid for such common stock, including commissions and other charges, minus $18.42 per share of AGP common stock (the average trading price of AGP common stock during the 90-day period following the end of the Class Period). NOTE: if the Claimant did not incur a loss based upon the shares of AGP common stock purchased or otherwise acquired during the Class Period and held as of the close of trading on September 28, 2005, then the Claimant shall have no Recognized Claim with respect to such common stock.

6. For each share of AGP common stock purchased or otherwise acquired during the Class Period that an Authorized Claimant continued to hold as of the close of trading on September 28, 2005 (the last day of the Class Period) that an Authorized Claimant sold at a loss during the period from September 29, 2005 through December 27, 2005 (the 90-day Period after the end of the Class Period), the Recognized Claim shall be equal to the lesser of (1) $14.10 per share; or (2) the difference, if a positive number, between the Purchase Price Paid for such common stock, including commissions and other charges, and the greater of (a) the price at which such common stock was sold during the period...
from September 29, 2005 through December 27, 2005; or (b) the average closing price of AGP common stock between September 29, 2005 and the date of sale. **NOTE:** if the Claimant did not incur a loss based upon the shares of AGP common stock purchased or otherwise acquired during the Class Period and sold during the period from September 29, 2005 through December 27, 2005, then the Claimant shall have no Recognized Claim with respect to such common stock.

**Additional Recognized Claim Guidelines**

7. In the event that a Class Member made more than one purchase or sale of AGP common stock, all purchases and sales shall be matched on a First In First Out (“FIFO”) basis. Class Period sales will be matched first against any AGP common stock held at the beginning of the Class Period and then against shares purchased or otherwise acquired during the Class Period in chronological order. A purchase or sale of AGP common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “Settlement” or “payment” date. The receipt or grant by gift, devise or operation of law of AGP common stock during the Class Period shall not be deemed a purchase or sale of AGP common stock for the calculation of an Authorized Claimant’s Recognized Claim, nor shall it be deemed an assignment of any claim relating to the purchase of such common stock, unless specifically provided in the instrument of gift or assignment.

8. To the extent that a Claimant had a gain from his, her or its aggregate transactions in shares of AGP common stock that such Claimant purchased or otherwise acquired during the Class Period and continued to hold as of the close of trading on September 28, 2005 (the last day of the Class Period), the value of the Recognized Claim will be zero. For shares purchased or otherwise acquired during the Class Period which calculate to a gain, such gains will be used to offset losses from shares purchased that calculate to a loss.

9. Each authorized Claimant shall be allocated a pro rata share of the Net Settlement Fund based on his, her or its Recognized Claim compared to the Total Recognized Claims of all Authorized Claimants. The pro rata shares shall be determined by multiplying each Authorized Claimant’s “Recognized Claim” by a fraction, the numerator of which shall be the amount of the Net Settlement Fund and the denominator of which shall be the Total Recognized Claims of all Authorized Claimants. Class Members who do not submit acceptable Proof of Claim forms will not share in the Settlement proceeds. Class Members who do not submit acceptable Proof of Claim forms will nevertheless be bound by the Settlement and the Court's Final Judgment and Order of Dismissal dismissing this Action.

10. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund, by reason of un-cashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distributions, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Authorized Claimants who have cashed their initial distributions and who would receive, based on their Recognized Claim, a pro rata share of at least $10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If, six (6) months after such re-distribution, any funds remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Plaintiffs’ Lead Counsel and approved by the Court.

11. Plaintiffs, Defendants, their respective counsel, and all other Released Parties shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund or any portion thereof, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.