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Case No. 7788-CS

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF MONROE EMPLOYEES RETIREMENT SYSTEM, and LOUISIANA MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM, on behalf of themselves and all other similarly situated shareholders of AMERIGROUP CORPORATION, Plaintiffs, v. THOMAS E. CAPPS, JAMES G. CARLSON, JEFFREY B. CHILD, EMERSON U. FULLWOOD, KAY COLES JAMES, WILLIAM J. MCBRIDE, HALA MODDELMOG, JOSEPH W. PRUEHER, UWE E. REINHARDT, RICHARD D. SHIRK, JOHN W. SNOW, JAMES W. TRUESS, RICHARD C. ZORETIC, GOLDMAN, SACHS & CO., WELLPOINT, INC., AND WELLPOINT MERGER SUB, INC., Defendants.	C.A. No. 7788-CS

VERIFIED AMENDED CLASS ACTION COMPLAINT

Plaintiffs City of Monroe Employees Retirement System and Louisiana Municipal Police Employees Retirement System ("Plaintiffs"), on behalf of themselves and all other similarly situated public shareholders of Amerigroup Corporation ("Amerigroup" or the "Company"), make the following allegations in its Verified Amended Class Action Complaint (the "Complaint") against the members of the board of directors of Amerigroup (the "Board" or "Amerigroup Board"), certain Amerigroup senior executive officers, Goldman, Sachs & Co. ("Goldman" or "Goldman Sachs"), WellPoint, Inc., and

WellPoint Merger Sub, Inc. ("Merger Sub", and together with WellPoint, Inc., "WellPoint") (collectively, the "Defendants"). The allegations herein are made in support of Plaintiffs' claims challenging Defendants' conduct in connection with the acquisition of Amerigroup by WellPoint (the "Proposed Transaction"), and are based on the knowledge of Plaintiff as to itself and its own actions, and on information and belief, including the investigation of counsel and review of publicly available information, as to all other matters.

INTRODUCTION

1. This action arises because everybody advising the Amerigroup Board in connection with the Proposed Transaction – including the Company's financial advisors and senior executives – pushed the Board to ignore known and interested suitors other than WellPoint in order to advance their own selfish interests. The result was a flawed corporate sales process that did not result in the highest available price.

2. Beginning in December 2011, several suitors expressed unsolicited interest in entering a potential strategic transaction with Amerigroup. On February 9, 2012, the chief executive officer ("CEO") of a company referred to as "Company D" in Amerigroup's preliminary proxy filed August 6, 2012 (the "Proxy"), informed James G. Carlson ("Carlson"), Amerigroup's Chairman of the Board and CEO, that Company D was interested in acquiring Amerigroup. During the next month, the CEOs of "Company E", "Company F", "Company G" and WellPoint also contacted Carlson to, among other things, lay the foundation for future strategic transactions.

3. Despite the multitude of suitors, on July 3, 2012, based upon the advice of the Company's financial advisors, Goldman and Barclays Capital Inc. ("Barclays"), the Amerigroup Board agreed to enter into exclusive negotiations with WellPoint without exploring the level of interest from the other suitors. According to the Proxy, the primary reason that Amerigroup granted WellPoint exclusivity was because "a transaction with Company D would raise greater regulatory issues than a transaction with WellPoint, and, accordingly, a transaction with WellPoint would have a higher degree of certainty of closing." In truth, the Board granted WellPoint exclusivity because the Company's primary investment banker, Goldman, was hopelessly conflicted due to its own financial interests. To further its own interests, Goldman pushed the Board to sign the quick deal with WellPoint instead of canvassing the market for the best price available. The Company's management also preferred the WellPoint deal because they got to keep their jobs.

4. Goldman's conflict arose from its involvement in a series of hedge transactions with Amerigroup that were entered into contemporaneously with Amerigroup's sale of $260 million in 2% Convertible Senior Notes in March of 2007. One part of the hedge transactions included the issuance of 6.1 million warrants (the "Warrants") to Goldman that entitled Goldman to receive from the Company a distribution of shares of Amerigroup common stock equal in value to the difference between the weighted average market price of the Company's stock on the day of exercise, and $53.7675, the exercise price of the Warrants. Designated as "European"

style warrants, these rights were set to "expire", and thus to be automatically exercised in daily installments of 112,855 between August 13 and October 22, 2012.[1]

5. Goldman could only profit on the Warrants if Amerigroup's stock price exceeded $53.77 between August 13 and October 22, 2012. With nearly 113,000 Warrants expiring every day during this period, Goldman was strongly incentivized to push the Amerigroup Board to approve and announce a sale of the Company as soon as possible, and, in no event, later than August 13, 2012. Conversely, if the Amerigroup Board engaged in a competitive but potentially lengthy sales process with various suitors, Goldman risked having the Warrants expire without being able to realize significant profits from a jump in Amerigroup stock price upon the announcement of a sale of the Company.

6. Thus, Goldman had a strong incentive to take steps to ensure that the announcement of a sale of the Company would occur quickly even if a responsible sales process would have yielded a higher price. To this end, Goldman pushed the Board to grant WellPoint exclusivity in order to avoid a protracted sales process for the Company that would delay the announcement of a deal until after the Warrants started expiring.

7. With the announcement of the Proposed Transaction on July 9, and the resulting jump in Amerigroup's common stock price, Goldman has and will continue to profit substantially. Based on Amerigroup's current stock price of approximately $90.00 per share, Goldman has been realizing a profit on the Warrants of *at least* $4.4 million

[1] If Amerigroup were to close on a merger before October 22, 2012, Goldman would be entitled to a cancellation payment from Amerigroup based on the value of the unexpired warrants as of the merger's closing date.

each and every business day since August 13, 2012. Through October 22, 2012, Goldman can expect to reap a windfall of over $222 million through the automatic exercise of these warrants, dwarfing the $18 million fee it stands to earn as an "advisor" to the Amerigroup Board.

8. Barclays – the "cleanser" bank brought into the transaction solely because Goldman was so plainly conflicted – had its own conflicting interests. Barclays has a long history of providing investment banking services to WellPoint and did not want to jeopardize this lucrative revenue stream.

9. For its part, WellPoint effectively purchased the loyalty of Amerigroup CEO Carlson, Chief Financial Officer ("CFO") James W. Truess ("Truess"), and Chief Operating Officer ("COO") Richard C. Zoretic ("Zoretic", and together with Carlson and Truess, "Amerigroup Management") by promising them continued employment with the Company.

10. As a strategic buyer, WellPoint did not necessarily need to keep Amerigroup Management around if a deal closed. Nevertheless, WellPoint indicated its intention to retain the executives following consummation of a sale of the Company, and to otherwise make a deal with WellPoint worth their while. Specifically, WellPoint agreed to provide Amerigroup Management with $12 million in WellPoint restricted stock immediately upon the Merger's closing. WellPoint also agreed to enter into new employment agreements with Amerigroup Management, thus providing these executives with compensation substantially similar to their compensation at Amerigroup. Additionally, WellPoint agreed to carry-over the golden parachutes of each member of

Amerigroup Management. Thus, Amerigroup Management received a $12 million windfall without even having to relinquish their lucrative jobs or potential parachute payments.

11. With Amerigroup Management now in WellPoint's pocket and the Board's financial advisors, most notably Goldman, also pushing for a quick and certain sale because of their conflict, a deal with WellPoint was a *fait accompli*.

12. On July 9, 2012, Amerigroup and WellPoint executed an agreement and plan of merger (the "Merger Agreement"), pursuant to which WellPoint will pay $92.00 per share in cash to acquire all of the outstanding shares of Amerigroup for an aggregate transaction value of approximately $4.9 billion. The Board signed up the deal without ever reaching out to Company D and the other known suitors prior to executing the Merger Agreement.

13. The Board exacerbated the harm facing Amerigroup shareholders by agreeing to a multitude of deal protections, including a non-solicitation provision, $146 million termination fee, and matching rights, that collectively deter Company D and other potential bidders from submitting a superior offer for the Company.

14. The Board and Amerigroup Management also caused the Company to file a materially false and misleading Proxy which deprives Amerigroup shareholders from casting a fully informed vote on the Proposed Transaction.

15. Plaintiffs seek to open up the process to allow for the emergence of a topping bid and otherwise hold Defendants accountable for their misconduct that culminated in the inadequately priced Proposed Transaction.

THE PARTIES

16. Plaintiff City of Monroe Employees Retirement System is a shareholder of Amerigroup and has owned shares of Amerigroup common stock throughout the relevant time period.

17. Plaintiff Louisiana Municipal Police Employees Retirement System ("LAMPERS") is a Louisiana-based retirement system that provides retirement allowances and other benefits to full-time municipal police officers and employees in the State of Louisiana. LAMPERS is a shareholder of Amerigroup and has owned shares of Amerigroup common stock throughout the relevant time period.

18. Defendant Amerigroup is a multi-state managed healthcare company that focuses on persons who receive healthcare benefits through publicly funded healthcare programs, including Medicaid, Children's Health Insurance Program, Medicaid expansion programs and Medicare Advantage. Amerigroup is incorporated under the laws of the State of Delaware, with headquarters located at 4425 Corporation Lane, Virginia Beach, Virginia 23462. Amerigroup is publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "AGP".

19. Defendant Thomas E. Capps ("Capps") has served as an Amerigroup director since 2004.

20. Defendant James G. Carlson has been an Amerigroup director since 2007. Carlson has been the Company's CEO and President since September 1, 2007, and Chairman of the Board since May 8, 2008. Prior to that, he served as the Company's President and COO beginning in 2003.

21. Defendant Jeffrey B. Child ("Child) has served as an Amerigroup director since 2003.

22. Defendant Emerson U. Fullwood ("Fullwood") has served as an Amerigroup director since 2009.

23. Defendant Kay Coles James ("James") has served as an Amerigroup director since 2005.

24. Defendant William J. McBride ("McBride") has served as an Amerigroup director since 1995.

25. Defendant Hala Moddelmog ("Moddelmog") has served as an Amerigroup director since 2009.

26. Defendant Joseph W. Prueher ("Prueher") has served as an Amerigroup director since August 2010.

27. Defendant Uwe E. Reinhardt ("Reinhardt") has served as an Amerigroup director since 2002.

28. Defendant Richard D. Shirk ("Shirk") has served as an Amerigroup director since 2002.

29. Defendant John W. Snow ("Snow") has served as an Amerigroup director since August 2010.

30. Defendant James W. Truess has served as Amerigroup's executive vice president and CFO since 2006.

31. Defendant Richard C. Zoretic has served as Amerigroup's executive vice president and COO since 2007. Zoretic also served as the Company's chief marketing

officer from 2003 to 2005. In 2005, Zoretic transitioned to health plan operations, assuming responsibility for Amerigroup's Southern region. In 2006, he assumed responsibility for all health plan operations.

32. Defendants Capps, Carlson, Child, Fullwood, James, McBride, Moddelmog, Prueher, Reinhardt, Shirk and Snow are collectively referred to herein as the "Director Defendants." Defendants Carlson, Truess and Zoretic are collectively referred to herein as the "Officer Defendants."

33. Defendant Goldman Sachs served as financial advisor to Amerigroup for the Proposed Transaction. As discussed herein, Goldman aided and abetted the breach of fiduciary duties by the Amerigroup Board and was unjustly enriched as a result.

34. Defendant WellPoint, Inc. is one of the largest health benefits companies in terms of medical membership in the United States.

35. Defendant Merger Sub is a Delaware corporation and a wholly-owned subsidiary of WellPoint, Inc. The Merger Sub was created for the purpose of consummating the Proposed Transaction.

SUBSTANTIVE ALLEGATIONS

I. Several Suitors Express Interest In Entering A Strategic Transaction With Amerigroup

36. With its strong Medicaid managed care business, Amerigroup represented a valuable acquisition opportunity for the country's largest managed care companies, especially in the wake of the passage of the Patient Protection and Affordable Care Act ("Affordable Care Act").

37. Beginning in December 2011, several suitors expressed unsolicited interest in entering a potential strategic transaction with Amerigroup. In December 2011, the CEO of Company D requested a meeting with Amerigroup's Chairman of the Board, CEO and President, James G. Carlson. On February 9, 2012, Carlson and Company D's CEO met to discuss, among other things, the current managed care industry environment, the effect of the recession on state health care budgets, the implications of health care reform, the then-pending United States Supreme Court case regarding the Affordable Care Act, opportunities to serve dual eligible beneficiaries and industry consolidation. At this meeting, ***Company D's CEO expressly told Carlson that if Amerigroup were to consider a sale of the Company*** or a combination transaction, ***Company D would be interested in exploring a transaction with Amerigroup***.

38. The February 9 meeting piqued Company D's interest in Amerigroup even further. On February 20, 2012, Company D's CEO sent Carlson a letter following up on several items discussed at the earlier meeting. This letter included a presentation regarding Company D and a brochure describing efforts to optimize the corporate culture at Company D.

39. Company D was not the only suitor interested in potentially entering a strategic transaction with Amerigroup. Around this same time, the CEOs of two other companies, Company E and Company F, respectively, contacted Carlson and requested meetings so that they could become acquainted with Carlson. Carlson and the CEOs of Companies E and F scheduled such meetings for the second week of March.

40. On March 7, 2012, Carlson attended the previously scheduled meeting with the CEO of Company E.

41. Also on that date, Carlson initiated a discussion with Angela F. Braly ("Braly"), the chair of the board, president and CEO of WellPoint, at a business conference they were both attending. Carlson and Braly agreed to schedule a follow-up meeting to discuss potential joint business opportunities between the two companies.

42. On March 16, 2012, Carlson met with the CEO and another senior officer of Company F at Company F's request. At the meeting, Carlson and the two senior executives of Company F discussed, among other things, recent mergers and acquisitions in the managed care industry and potential opportunities and business risks in the sector.

II. Board Retains Conflicted Goldman To Advise On Potential Sale Of Company

43. On March 22, 2012, the Amerigroup Board held its annual strategic retreat. With four companies expressing interest in entering a strategic transaction with Amerigroup, and one suitor, Company D, expressly informing CEO Carlson that it would like to acquire Amerigroup if the Company was up for sale, talk of a potential strategic transaction dominated the retreat.

44. One order of business at the retreat was the retention of a financial advisor to advise the Board with respect to strategic alternatives. Historically, Amerigroup relied on Goldman Sachs for investment banking services. However, Goldman faced a material conflict of interest in advising on the sale of the Company.

45. Concurrently with Amerigroup's issuance of $260,00,000 aggregate principal amount of 2.00% Convertible Senior Notes due 2012 (the "2012 Convertible

Notes), for which Goldman Sachs acted as initial purchaser, Amerigroup entered into call spread transactions (the "Call Spread Transactions") with Goldman Sachs International, an affiliate of Goldman Sachs. The Call Spread Transactions consisted of the purchase by Amerigroup of call options relating to $260,000,000 aggregate principal amount of 2012 Convertible Notes (which were convertible into up to approximately 6.1 million shares of Amerigroup common stock as of the date of issuance of the 2012 Convertible Notes), and the sale by Amerigroup of warrants in respect of approximately 6.1 million shares of Amerigroup common stock.

46. The convertible note hedge transactions matured in May 2012 and are no longer outstanding. The Warrants, however, had a longer maturity. The Warrants entitled Goldman to receive from Amerigroup a distribution of Amerigroup common stock equal to the difference in value between the publicly traded price of the Compnay's stock on the day of exercise, and $53.7675 per share. Designated as "European"-style, the Warrants were scheduled to "expire," and thus by their terms be automatically exercised in tranches of 112,854 or 112,855 on consecutive business days beginning on August 13, 2012 and ending on October 22, 2012. The warrant agreement provided:

Automatic Exercise	Applicable; and means that the Number of Warrants for the corresponding Expiration Date will be deemed to be automatically exercised at the Expiration Time on such Expiration Date unless Buyer notifies Seller and the Calculation Agent (by telephone or in writing) prior to the Expiration Time on such Expiration Date that it does not wish Automatic Exercise to occur, in which case Automatic Exercise will not apply to such Expiration Date.

47. In advising the Amerigroup Board in its consideration of a potential sale of the Company, the Warrants provided Goldman with one clear directive: Convince the Board to approve and announce a sale of the Company *before* August 13, 2012, even if a higher sale price could ultimately be realized by engaging with the Company's other known suitors.

48. Nonetheless, despite the existence of this conflict, the Board retained Goldman as its financial advisor in connection with the Proposed Transaction. The Board's willingness to take advice from Goldman under these circumstances was an abdication of its duties as the presence of Goldman on the side of Amerigroup tainted the sales process.

49. In a misguided attempt to resolve the Goldman conflict, the Board retained Barclays as a co-financial advisor, but, as explained *infra*, the structure of Barclay's fee arrangement and lucrative historic relationship with WellPoint prevented Barclay's retention from curing Goldman's conflict.

III. While Other Suitors Are Relegated to the Sidelines, Deal Talks With WellPoint Intensify

50. On March 28, 2012, the CEO and another senior officer of Company G contacted Carlson to discuss potential strategic partnerships between the companies. Company G's CEO offered to host a follow-up meeting to discuss potential opportunities in further detail, but Carlson never responded to the offer.

51. During April 2012, discussions intensified between Amerigroup and WellPoint regarding a potential strategic transaction. On April 5, 2012, Amerigroup and WellPoint's senior management met to discuss a potential partnership between the two

companies to jointly pursue serving dual eligible beneficiaries. Several days later, Braly contacted Carlson to express her desire in discussing a potential acquisition of Amerigroup by WellPoint and not just a strategic partnership.

52. On April 23, 2012, Amerigroup and WellPoint executed a confidentiality and standstill agreement in anticipation of further in-person meetings and the exchange of information.

53. On May 3, 2012, Company D's CEO scheduled a meeting with Carlson for June 29, 2012, to discuss Company D's clearly stated desire to acquire Amerigroup, and. Carlson cancelled that meeting and, the Amerigroup Board locked up an agreement with Wellpoint, without even knowing Company D's level of interest.

IV. WellPoint Submits Preliminary Offer And Goldman Pushes Board To Grant WellPoint Exclusivity

54. On May 25, 2012, WellPoint submitted a preliminary non-binding indication of interest for an acquisition of Amerigroup for $83 per share. WellPoint's offer was contingent on, among other things, Amerigroup entering into exclusive negotiations with WellPoint. Without even discussing the $83 offer with its financial advisors, the Amerigroup Board rejected the offer as inadequate during a May 29 special telephonic meeting and determined not to enter into exclusive negotiations with WellPoint. However, the Board did not contact any of Amerigroup's other suitors to gauge their own level of interest in order to see how much higher than $83 per share they were willing to bid.

55. On June 1, 2012, WellPoint increased its acquisition offer to $88 per share and again made the offer contingent on exclusivity. At the regularly scheduled meeting

of the Amerigroup Board held on June 7, the Board met with its advisors to discuss the $88 offer and WellPoint's request for exclusivity.

56. By early June 2012, Goldman's window to benefit from an increase in Amerigroup stock price was rapidly closing. To have any prospect of an announcement, and consequent increase in share price that would benefit Goldman, Goldman needed the Board to announce a sale as soon as possible.

57. To this end, Goldman pushed the Board to grant WellPoint exclusivity. Specifically, Goldman informed the Board that although Company D was likely to have the interest and resources to pay an attractive purchase price for Amerigroup, a transaction with Company D would raise greater regulatory issues than a transaction with WellPoint, and, accordingly, a transaction with WellPoint would have a higher degree of certainty of closing.

58. By lobbying for the Board to grant exclusivity, Goldman could eliminate the potential for a protracted, albeit quiet, sales process for the Company among WellPoint, Company D and Amerigroup's other suitors, even though such competitive bidding would benefit Amerigroup's shareholders.

59. Not surprisingly, Barclays agreed with Goldman's assessment of the benefits of exclusivity. Nearly 80 percent of Barclay's potential $18.7 million advisory fee was contingent on a sale of the Company, so Barclays had a strong incentive to advocate for a transaction that provided deal certainty even if such transaction was not value maximizing. More importantly, Barclays has a long history of providing

investment banking services to WellPoint and would not want to jeopardize this lucrative revenue stream.

V. Negotiations Between Amerigroup And WellPoint Hit An Impasse, But WellPoint Purchases The Loyalty of Amerigroup Senior Management

60. On June 16, 2012, Carlson determined to cease negotiations with WellPoint because the companies had been unable to reach agreement regarding regulatory risk allocation. Three days later, following a call between Carlson and Braly, Amerigroup's senior management, without discussing the matter with the Board, determined to resume negotiations with WellPoint.

61. WellPoint's written proposal, provided to the Company on June 21, 2012, revealed why Amerigroup's senior management experienced a quick change of heart. The proposal noted that the transaction would be conditioned on the three most senior Amerigroup executives being employed by Amerigroup at the time of closing. Amerigroup Management now knew that WellPoint had a strong interest in their retention and such executives had leverage to negotiate for a healthy payday.

62. Recognizing that a sale to WellPoint offered him the opportunity to obtain continuing employment and a possible additional payment, Carlson sought to eliminate any competition for his preferred suitor. To this end, Carlson called the CEO of Company D to indefinitely postpone their previously scheduled June 29 meeting.

63. Over the next few weeks, Amerigroup and WellPoint worked to resolve the remaining outstanding issues surrounding the sale of the Company. During this period, neither Amerigroup nor its representatives ever contacted Company D or

Amerigroup's other interested suitors to determine whether such companies were willing to top WellPoint's then outstanding $92.00 offer.

64. On July 3, 2012, the Amerigroup Board formally granted WellPoint exclusivity, based in large part on the presentations of Goldman and Barclays at the June 7 Board meeting.

65. On July 9, 2012, the companies entered the Merger Agreement, pursuant to which WellPoint will pay $92.00 per share in cash to acquire all of the outstanding shares of Amerigroup, for an aggregate transaction value of approximately $4.9 billion. The Board signed up the WellPoint deal without even reaching out to Companies D, E, F and G prior to executing the Merger Agreement.

66. At the same time that the Company and WellPoint were executing the Merger Agreement, the members of Amerigroup Management were finalizing their employment agreements with WellPoint. Pursuant to the employment agreements, Carlson, Truess and Zoretic will (a) remain the three top executives of the Amerigroup business unit at WellPoint, (b) be granted $7 million, $2.5 million and $2.5 million, respectively, in WellPoint restricted stock units immediately upon consummation of the Proposed Transaction, (c) receive base salaries and target bonuses commensurate with their current salaries and bonuses, and (d) be entitled to receive their golden parachutes if terminated by WellPoint at some point following the closing of the Proposed Transaction.

67. In short, the members of Amerigroup Management received a $12 million windfall without even having to relinquish their jobs or potential parachute payments. With such a lucrative opportunity, it is no surprise that Amerigroup Management (a) was

quick to reengage with WellPoint when earlier deal talks broke down and (b) unwilling to contact other known suitors for the Company that may have been willing to pay more than $92.00 per share to acquire Amerigroup.

VI. The Amerigroup Board Impermissibly Protects The Proposed Transaction

68. Not only did the Amerigroup Board fail to maximize shareholder value in agreeing to the Proposed Transaction without conducting any due diligence or substantive negotiations with other known suitors, the Board also took unreasonable steps to ensure the consummation of a deal with WellPoint to the detriment of Amerigroup's shareholders.

69. *First*, despite several known suitors and Company D's express statement that it wished to acquire Amerigroup if the Company was for sale, the Board failed to negotiate for a "Go-Shop" or even a "Window Shop" provision. To the contrary, the Amerigroup Board agreed to a prohibitive No-Shop in Section 5.4 of the Merger Agreement, further limiting the Board's ability to entertain superior strategic alternatives. The No-Shop prevents the Amerigroup Board from even encouraging competing bids for the Company and requires the Company to "immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Third Parties conducted prior to the date [of the Merger Agreement] with respect to any Alternative Transaction."

70. Next, the Amerigroup Board granted WellPoint a matching right (the "Matching Right") in the Merger Agreement that provides WellPoint three business days to revise its proposal or persuade the Amerigroup Board not to change its

recommendation on the Proposed Transaction in the face of a proposal from a third party suitor. The Matching Right dissuades interested parties from making an offer for the Company by providing WellPoint the opportunity to make a matching bid. Due to the Proposed Transaction's flawed process, no justification exists for the inclusion of the Matching Right.

71. The Amerigroup Board further reduced the possibility of maximizing shareholder value by agreeing to a $146 million termination fee (the "Termination Fee"). While the applicable termination fee was $73 million if the Board had terminated the Merger Agreement to accept a superior proposal made on or before August 8, 2012, this reduced termination fee was illusory. Prior to entering the Merger Agreement, Amerigroup had yet to even inform Companies D, E, F and G that the Company was for sale. Thus, it is unrealistic to expect that within 30 days of the deal's announcement any of these suitors could negotiate a confidentiality agreement with the Board, receive and review diligence materials, arrange for several billion dollars in deal financing and negotiate the terms of a merger agreement.

72. The No-Shop, Matching Rights, and Termination Fee (collectively, the "Deal Protections") serve to deter competing parties from making topping bids and prevent the Amerigroup Board from properly exercising its fiduciary duties to obtain the best available strategic alternative for their shareholders. The Deal Protections erect barriers to competing offers and essentially guarantee that the Proposed Transaction will be consummated, leaving Amerigroup shareholders with limited opportunity to consider any superior offer. When viewed collectively, these provisions cannot be justified as

reasonable or proportionate measures to protect WellPoint's investment in the transaction process.

VII. Defendants Issue A Misleading Proxy

73. On August 6, 2012, the Company caused to be filed the Proxy. As set forth below, the Proxy fails to fully and fairly disclose material information that would, if disclosed, significantly alter the total mix of information made available to shareholders asked to consider the end of Amerigroup's existence as an independent public company.

74. The deficiencies in the Proxy generally relate to: (i) information concerning Goldman and Barclay's conflicts of interest with respect to the Proposed Transaction and the investment banks' ability to provide unbiased financial advice concerning the Company's strategic alternatives, (ii) the Board's decision not to contact Companies D, E, F and G prior to executing the Merger Agreement, and (iii) disclosure of relevant financial data on Amerigroup and the various methodologies employed by Amerigroup's financial advisors to value the Company.

A. The Proxy Fails To Adequately Disclose Material Information Relating to Goldman and Barclays' Conflicts of Interest

75. While Goldman's conflict of interest as a result of Warrants is discussed in several places in the Proxy, the Proxy never discloses the magnitude of the profit Goldman stands to make as it exercises its Warrants in the wake of the announcement of the Proposed Transaction. The Proxy merely states that:

> As the warrants expire during the period from August 13 through October 22, 2012, Amerigroup would, pursuant to the terms of the warrants, be obligated to deliver shares of Amerigroup common stock worth the excess of the then market price over the warrant strike price for the expiring warrants, and the ***aggregate cancellation amount payable upon the***

> ***closing of the merger would generally decrease each day since fewer warrants remain outstanding (with no cancellation amount payable if the closing of the merger is consummated after the final expiration date of the warrants).*** The amount of any such cancellation payment will depend on various factors including, among others, the merger consideration, the closing date of the merger (and the resulting remaining terms of the warrants) and applicable interest rates. (Emphasis added).

76. This description is materially misleading. The Proxy focuses myopically on the "cancellation payment" (*i.e.*, the payment from Amerigroup to Goldman to terminate the Warrants if the Proposed Transaction closes prior to October 22, 2012) and notes how the cancellation payment would be zero if the Proposed Transaction does not close prior to October 22. The cancellation payment only tells part of the story.

77. As explained above, as long as a sale of the Company was announced prior to August 13, 2012 and there was a resulting increase in Amerigroup's stock price (which there was), the Warrants would yield Goldman a windfall even if the sale did not close until after October 22 and no cancellation payment was paid. Based on the current market price of approximately $90.00 per share, Goldman has been realizing *at least* $4.4 million per business day since August 13, 2012. Through October 22, 2012, Goldman can expect to reap a windfall of over $222 million through the automatic exercise of these warrants, dwarfing the $18 million fee it stands to earn as an "advisor" to the Amerigroup Board.

78. Without disclosure regarding the enormous profits that Goldman is earning through the automatic exercise of the Warrants, it is impossible for Amerigroup shareholders to evaluate the extent of Goldman's conflict, the Board's decision to retain

Goldman for this engagement, and the potential for Goldman's conflict to skew its advice to the Board.

79. Barclays' potential conflict of interest is also inadequately described in the Proxy. In light of the Board's decision that Goldman could not serve as the Company's sole financial advisor in the Proposed Transaction, Barclays' role as an unbiased advisor is of critical importance to investors deliberating whether to support the sale of the Company to WellPoint. Thus, Barclays' recent and significant business relationships with WellPoint must be adequately detailed to give Amerigroup shareholders comfort that the Board received unbiased advice from at least one investment bank.

80. In particular, the Proxy notes that "Barclays has performed various investment banking and financial services for WellPoint in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services." Furthermore, the Proxy states that, in the past two years,

> Barclays has performed the following investment banking and financial services: (i) served as senior co-manager on WellPoint's $1.75 billion senior notes offering in May 2012, (ii) served as a bookrunner on WellPoint's $1.1 billion notes offering in August 2011; and (iii) served as a lender in WellPoint's senior credit facility.

81. The Proxy does not disclose, however, whether the financing obtained by WellPoint or any other aspect of the Proposed Transaction has any effect on the past, present or future arrangements between Barclays and WellPoint. Nor does the Proxy disclose the amount of fees that Barclays has received as a result of such services rendered to WellPoint during the last two years. Moreover, the Proxy does not disclose whether the financing obtained by WellPoint or any other aspect of the Proposed

Transaction will have any effect on the past, present or future arrangements between Barclays and WellPoint.

B. The Proxy Fails To Adequately Disclose The Board's Reasons For Not Conducting A Pre-Signing Market Check Despite Several Known Suitors

82. The Proxy notes that in deciding against pursuing a transaction with Company D, the Amerigroup Board focused "on the feasibility of undertaking a transaction with Company D at a favorable price given the potential regulatory issues posed by such a transaction." However, the Proxy does not provide sufficient detail regarding the potential regulatory issues associated with a potential transaction with Company D. Moreover, the Proxy fails to disclose whether the Board even considered the financial protection that Company D might be willing to provide to mitigate the potential regulatory risk (*e.g.*, a significant "reverse termination fee").

83. The Proxy also neglects to explain what caused the Amerigroup Board to abandon pursuit of possible strategic transactions with Companies E, F and G. The Proxy states the Board believed that Company D was "the only other company that would be likely to have the interest and resources to pay an attractive purchase price," but the Proxy does not say what led the Board to that belief.

C. The Proxy Fails to Adequately Disclose Material Information Relating To Management's Forecasts And Goldman And Barclays' Valuation Analyses

84. For the purposes of conducting its discounted cash flow ("DCF") analysis and its present value per share calculation for Amerigroup stock, Goldman relied on certain financial data provided by the Company's management (the "Forecasts"). While

the Proxy describes the Forecasts as "certain internal financial analyses and forecasts for Amerigroup prepared by its management, as approved for Goldman Sachs' use by Amerigroup," the Forecasts themselves are never provided and the derivation of the Forecasts is never adequately described. Without these Forecasts, it is impossible for Amerigroup shareholders to independently assess the work of Goldman, an investment bank laboring under a material conflict of interest with respect to this engagement.

85. Additionally, the Proxy never states whether Amerigroup provided Barclays with these same Forecasts and, if Amerigroup did not provide Barclays with such Forecasts, the reason for failing to do so.

86. Information relating to the Forecasts is highly material, especially in light of the fact that Goldman calculated ranges of value for Amerigroup's stock that are so unreasonable wide that they are effectively meaningless. For example, Goldman's calculation of the Company's DCF had illustrative values per Amerigroup share ranging from $70.21 to $112.59 and Goldman's present value per share of Amerigroup ranged from $60.92 to $122.70.

87. Further, while the Proxy states that the Company updated its projections during the course of considering the Proposed Transaction, it does not state whether these updates affected the Forecasts, or when the updates were made.

88. In addition, the Proxy's description of Goldman's comparable companies analysis is deficient. In particular, while Goldman compared certain financial information for Amerigroup to corresponding financial information, ratios and public market multiples for selected companies, the Proxy states that "none of the selected

companies is directly comparable to Amerigroup." Nonetheless, the Proxy does not explain the material differences between Amerigroup and the comparable companies or how such differences affected Goldman's analysis.

CLASS ACTION ALLEGATIONS

89. Plaintiff brings this action pursuant to Rule 23 of the Rules of the Court of Chancery, individually and on behalf of all other holders of Amerigroup's common stock (except defendants herein and any persons, firm, trust, corporation or other entity related to or affiliated with them and their successors in interest) who are or will be threatened with injury arising from defendants' wrongful actions, as more fully described herein (the "Class").

90. This action is properly maintainable as a class action.

91. The Class is so numerous that joinder of all members is impracticable. The Company has thousands of shareholders who are scattered throughout the United States. As of March 26, 2012 there were over 48.2 million shares of Amerigroup's common stock outstanding.

92. There are questions of law and fact common to the Class including, *inter alia*, whether:

a. The Director Defendants have breached their fiduciary duties and other common law duties by failing to review all strategic alternatives in good faith, including a transaction with Company D;

b. The Director Defendants breached their fiduciary duty by hiring Goldman as their banker despite knowing Goldman's conflict.

c. The Individual Defendants breached their fiduciary duties by refusing to extract the highest value possible from WellPoint in this change-in-control transaction;

d. The Director Defendants breached their fiduciary duties by "locking" up" the Proposed Transaction to the detriment of the Class by approving the No-Shop, Matching Right and Termination Fee without obtaining adequate consideration for Amerigroup shareholders;

e. The Officer Defendants breached their fiduciary duties by prioritizing their interest in receiving the WellPoint restricted stock grants and continued employment over maximizing value for Amerigroup shareholders;

f. Goldman aided and abetted the Director Defendants' breach of their fiduciary duties.

g. WellPoint, Inc. and Merger Sub aided and abetted the Individual Defendants' breaches of their fiduciary duties;

h. Plaintiff and the other members of the Class are being and will continue to be injured by the wrongful conduct alleged herein and, if so, what is the proper remedy and/or measure of damages; and

i. Plaintiff and the other members of the Class will be damaged irreparably by Defendants' conduct.

93. Plaintiff is committed to prosecuting the action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class, and Plaintiff has the same interests as the other members of the Class. Plaintiff is an adequate representative of the Class.

94. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class, which would as a practical matter be disjunctive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

95. Defendants have acted, or refused to act, on grounds generally applicable to, and causing injury to, the Class and, therefore, preliminary and final injunctive relief on behalf of the Class, as a whole, is appropriate.

COUNT I

BREACH OF FIDUCIARY DUTY
AGAINST THE DIRECTOR DEFENDANTS

96. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

97. The Director Defendants, as Amerigroup directors, owe the Class the utmost fiduciary duties of due care, good faith, candor and loyalty. By virtue of their positions as directors of Amerigroup and/or their exercise of control and ownership over the business and corporate affairs of the Company, the Director Defendants have, and at

all relevant times had, the power to control and influence and did control and influence and cause the Company to engage in the practices complained of herein. Each Director Defendant was required to: (a) use their ability to control and manage Amerigroup in a fair, just and equitable manner; (b) act in furtherance of the best interests of Amerigroup and its shareholders and not their own; and (c) fully disclose the material circumstances, procedures, and terms of the Proposed Transaction so that shareholders can make a fully informed decision.

98. The Director Defendants failed to fulfill their fiduciary duties in connection with the Proposed Transaction by, among other things, (a) failing to remove the Officer Defendants from the sale process in light of the fact that their interests diverge from the Company's public shareholders, (b) allowing Goldman to advise the Board despite Goldman's material conflict of interest as a result of the Warrants, (c) failing to conduct a legitimate pre-signing market check, (d) agreeing to sell the Company for a price that is inadequate and (c) disseminating the false and misleading Proxy.

99. As a result of the Director Defendants' breaches of fiduciary duty in agreeing to the Proposed Transaction, the Class will be harmed by receiving the inferior consideration offered in the Proposed Transaction. Moreover, as a result of the Director Defendants' breaches of fiduciary duty in connection with the Proposed Transaction, Amerigroup shareholders will be unable to cast an informed vote on the deal.

100. Furthermore, the Deal Protections adopted by the defendants and contained in the Merger Agreement impose an excessive and disproportionate

impediment to the Board's ability to entertain any other potentially superior alternative offer.

101. The Director Defendants also failed to fully inform themselves about possible competing proposals before agreeing to the Proposed Transaction, and instead chose to avoid considering whether any alternative transaction provides greater value to the Amerigroup shareholders than the Proposed Transaction.

102. Plaintiffs and the Class have no adequate remedy at law.

COUNT II

BREACH OF FIDUCIARY DUTY
AGAINST THE OFFICER DEFENDANTS

103. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

104. The Officer Defendants, as Amerigroup executive officers, owe the Class the utmost fiduciary duties of due care, good faith, candor and loyalty.

105. The Officer Defendants failed to fulfill their fiduciary duties in connection with the Proposed Transaction. Among other things, the Officer Defendants pushed the Board to ignore potentially value-maximizing alternatives out of a desire to receive $12 million in WellPoint restricted stock grants, continue as senior executives at WellPoint upon consummation of the Proposed Transaction and retain their ability to collect the Parachute Payments in the event they are ever terminated from WellPoint.

106. As a result of the Officer Defendant's breaches of fiduciary duty, the Class has been harmed by receiving the inferior consideration offered in the Proposed Transaction.

107. Plaintiffs and the Class have no adequate remedy at law.

COUNT III

AIDING AND ABETTING AGAINST GOLDMAN

108. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

109. The members of Amerigroup's Board breached their fiduciary duties in connection with the Proposed Transaction. Defendant Goldman aided and abetted the Board's breaches of fiduciary duty.

110. Goldman knew that the Board could not, consistent with its fiduciary duties, rely on Goldman to advise the Board in connection with the Proposed Transaction because of Goldman's divergent interests created by the Warrants.

111. Nonetheless, Goldman continued to advise the Board in connection with the Proposed Transaction despite knowing that the Board's reliance on such advice amounted to a breach of fiduciary duty.

112. As a result of this conduct, Goldman substantially assisted the members of the Amerigroup Board in their breaches of fiduciary duty.

113. As a result of Goldman's conduct, Plaintiffs and the Class have been damaged by being denied the opportunity to maximize the value of their investment in the Company.

114. Plaintiffs and the Class have no adequate remedy at law.

COUNT V

AIDING AND ABETTING AGAINST WELLPOINT, INC. AND MERGER SUB

115. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

116. Defendant WellPoint, Inc. and Merger Sub knowingly (a) assisted the Individual Defendants in construction of the Proposed Transaction and the related Merger Agreement which unlawfully restricts the Amerigroup Board from full informing itself of all of the Company's strategic alternatives in compliance with its fiduciary duties and (b) induced the support of the Officer Defendants through the WellPoint restricted stock grants, offer of continued employment and extension of the parachute payments.

117. As a result of this conduct by WellPoint, Inc. and Merger Sub, Plaintiff and other members of the Class have and will be damaged by being denied the best opportunity to maximize the value of their investment in the Company.

118. Plaintiffs and the Class have no adequate remedy at law.

WHEREFORE, Plaintiffs demand judgment as follows:

a. Preliminarily and permanently enjoining Amerigroup and any of the Amerigroup Board members and any and all other employees, agents, or representatives of the Company and persons acting in concert with any one or more of any of the foregoing, during the pendency of this action, from taking any action to consummate the Proposed Transaction until such time as the Amerigroup Board has fully complied with its fiduciary duties and taken all readily available steps to maximize shareholder value;

b. Finding the Amerigroup Board liable for breaching its fiduciary duties to the Class;

c. Finding the Deal Protections invalid and unenforceable, or in the alternative, amending the Deal Protections as necessary to ensure a full and fair sale process for the benefit of the Class;

d. Finding the Officer Defendants liable for breaching their fiduciary duties to the Class;

e. Finding Goldman liable for aiding and abetting the Board's breaches of fiduciary duty:

g. Finding WellPoint, Inc. and Merger Sub liable for aiding and abetting a breach of fiduciary duty;

h. Requiring the Defendants to disclose all material information relating to the Proposed Transaction;

i. Requiring that Amerigroup Management disgorge the $12 million in WellPoint restricted stock grants;

j. Awarding the Class compensatory damages, together with pre- and post-judgment interest;

k. Awarding Plaintiff the costs and disbursements of this action, including attorneys', accountants', and experts' fees; and

l. Awarding such other and further relief as is just and equitable.

Dated: August 24, 2012

/s/ *Stuart M. Grant*
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