

Summary of Comments on Regulation NMS (File No. S7-10-04)

**Testimony of Jeffrey L. McWaters,
Chairman and CEO, AMERIGROUP Corporation
Before the Securities and Exchange Commission
April 1, 2004**

AMERIGROUP History

My name is Jeffrey L. McWaters, chairman and CEO of AMERIGROUP Corporation.

AMERIGROUP is a multi-state managed care company focused exclusively on those individuals who receive health care through publicly-funded programs, including Medicaid and the State Children's Health Insurance Program. We were founded nearly ten years ago and today have 857,000 members in Maryland, New Jersey, Illinois, Texas, Florida and the District of Columbia. We are headquartered in Virginia Beach, Virginia and have approximately 2300 employees.

Having access to low cost capital through the equity markets has enabled us to offer increased services to our state partners and members and to grow our business. However, given the turbulent nature of state budgets, it is important to our shareholders and customers that the markets enhance value and provide as much stability, fairness and efficiency as is possible.

AMERIGROUP's customers, as well as our regulators, are the state governments and their insurance and Medicaid departments. The states are very concerned about the financial solvency and stability of those with whom they contract. They look at the stability of AMERIGROUP's stock price as an indicator of the stability and solvency of our Company and its regulated subsidiaries. We believe that trading on an exchange that values the principle of best price promotes stock prices stability, which our state government partners value.

Investors Deserve Best Price

AMERIGROUP supports best price as this principle puts investors first, preserves the integrity of the market and promotes competition on price. This translates into a more efficient system for valuing equities, and an efficient market enhances AMERIGROUP's access to capital for growth. To the contrary, if the best price principle is weakened, investors will be subject to increased volatility and issuers to higher cost of capital.

AMERIGROUP's Experience as a Publicly-Traded Company

In the short period of time that we have been a publicly traded company, we have experienced two markets: the Nasdaq, where there is no best price protection and our current market, the NYSE, which does operate under the fundamental principle of best price. In my testimony, I will share some of our experience with each.

Currently, AMERIGROUP has a market capitalization of \$1.1 billion, with more than 24 million shares outstanding. We trade about 240,000 shares on an average trading day. We were initially listed on NASDAQ in 2001 and transferred to the New York Stock Exchange in January 2003, where we trade under the symbol AGP and are a component of the S&P Small Cap 600 index.

Competition has been good for capital markets. While AMERIGROUP is listed on the NYSE, other trading venues have the ability to also trade our stock. We believe that the trade through rule promotes competition among these markets on best price. Our current market, the NYSE, posts the best price 90% of the time in AMERIGROUP. In doing so, it attracts investors and enhances liquidity. Since moving to the NYSE, we have experienced firsthand a significant improvement in our market quality and I will highlight some examples at the hearings.

AMERIGROUP's business operates on the principle that, if we serve well the interests of our customers and members, we succeed in our mission. We expect the same of our market. As already demonstrated, our board and management would not hesitate to make a change if we found our market was not meeting this standard.

Given the benefits that have accrued to our investors as a result of best price principles, AMERIGROUP is opposed to modifications of the trade through rule allowing an "opt out". We are very concerned that, given the opportunity, intermediaries will execute orders at inferior prices to the detriment of our investors.