

February 10, 2009



Centene Corporation Reports 2008 Fourth Quarter Earnings

ST. LOUIS--(BUSINESS WIRE)-- Centene Corporation (NYSE: CNC) today announced its financial results for the quarter and year ended December 31, 2008. As discussed on our December 19, 2008 guidance call, the results of operations for University Health Plans, or UHP, our New Jersey health plan, are now classified as discontinued operations as a result of our decision to sell certain assets of UHP. Unless specifically noted, the discussions below are in the context of net earnings from continuing operations and all financial ratios are calculated using revenues excluding premium taxes and investment income.

2008 Highlights

| | Q4 | Full Year | |
|------------------------------|----------|------------|---|
| Total Revenues (in millions) | \$ 902.8 | \$ 3,364.5 | |
| Consolidated HBR | 82.3 % | 82.5 | % |
| Diluted EPS | \$ 0.53 | \$ 1.90 | |

Fourth Quarter Highlights

- Quarter-end Medicaid Managed Care membership of 1.2 million.
- Revenues of \$902.8 million, or \$878.8 million net of premium taxes, a 22.2% increase over the 2007 fourth quarter.
- Health Benefits Ratio (HBR), which reflects medical costs as a percent of premium revenues, of 82.3%, compared to 85.3% in the 2007 fourth quarter.
- General and administrative (G&A) expense ratio of 13.8%, compared to 14.9% in the 2007 fourth quarter.
- Cash flow from operations of \$95.5 million.
- Days in claims payable of 48.5.
- Diluted earnings per share, or EPS, from continuing operations of \$0.53. Total (including New Jersey) diluted EPS of \$0.49, including a \$0.05 one-time charge related to the sale of our New Jersey health plan.

Other Events

- In February 2009, we began converting membership in Florida from Access, on a non-risk basis, to our new subsidiary, Sunshine State Health Plan, on an at-risk basis.
- Peach State Health Plan, Inc., our Georgia subsidiary, received Accreditation Status by the National Committee for Quality Assurance (NCQA) under the New Health Plan Accreditation Program.

Michael F. Neidorff, Centene's Chairman and Chief Executive Officer, stated, "We were pleased with the results of the fourth quarter and year, which reflect our focus on fundamentals that we will maintain going forward."

The following table depicts membership in Centene's managed care organizations, by state, at December 31, 2008 and 2007:

| | 2008 | 2007 |
|-------------------|-----------|-----------|
| Georgia | 288,300 | 287,900 |
| Indiana | 175,300 | 154,600 |
| Ohio | 133,400 | 128,700 |
| South Carolina(a) | 31,300 | 31,800 |
| Texas | 431,700 | 354,400 |
| Wisconsin | 124,800 | 131,900 |
| Total | 1,184,800 | 1,089,300 |

(a) Substantially all of the 2007 membership in South Carolina was on a non-risk basis.

The following table depicts membership in Centene's managed care organizations, by member category, at December 31, 2008 and 2007:

| | 2008 | 2007 |
|-------------------|---------------|---------------|
| Medicaid | 862,500 | 807,600 |
| SCHIP/Foster Care | 257,300 | 214,600 |
| ABD/Medicare | 65,000 | 67,100 |
| Total | 1,184,800 (a) | 1,089,300 (b) |

(a) 1,181,100 at-risk; 3,700 ASO

(b) 1,054,200 at-risk; 35,100 ASO

Statement of Operations

- For the 2008 fourth quarter, revenues, net of premium taxes, increased 22.2% to \$878.8 million from \$719.4 million in the 2007 fourth quarter. The increase was primarily driven by membership growth, especially related to the new Foster Care contract in Texas, premium rate increases and the recent acquisition of Celtic, which closed on July 1, 2008.
- The consolidated HBR, which reflects medical costs as a percent of

- premium revenues, was 82.3%, a decrease from 85.3% in the 2007 fourth quarter. The decrease is primarily due to overall increased premium yield, a moderating medical cost trend and the acquisition of Celtic. Sequentially, our consolidated HBR increased from 82.2% in the 2008 third quarter to 82.3%.
- Consolidated G&A expense as a percent of premium and service revenues was 13.8% in the fourth quarter of 2008, a decrease from 14.9% in the fourth quarter of 2007. The decrease was due primarily to the restructuring charge recorded in the fourth quarter of 2007.
 - Loss from discontinued operations in the fourth quarter of 2008 includes a \$3.7 million pre-tax, or \$0.05 per diluted share, charge primarily for asset impairments and employee severance related to the sale of our New Jersey health plan.
 - For the year ended December 31, 2008, revenues, net of premium taxes, from continuing operations increased 21.6% to \$3.3 billion from \$2.7 billion for the same period in the prior year. G&A expenses as a percent of premium and service revenues decreased to 13.6% in the year ended December 31, 2008, compared to 14.3% in the year ended December 31, 2007. Earnings from operations increased to \$131.6 million in the year ended December 31, 2008 from \$55.3 million in the year ended December 31, 2007. Net earnings from continuing operations, were \$84.2 million, or \$1.90 per diluted share in 2008.
 - The following table reconciles diluted EPS from continuing operations to total diluted EPS:

EPS Reconciliation:

| | |
|---|---------|
| Diluted EPS from continuing operations(1) | \$ 1.90 |
| Discontinued health plan operations | 0.03 |
| New Jersey one-time exit charges | (0.05) |
| Total diluted EPS | \$ 1.88 |

(1) Includes \$0.28 recorded during the first quarter of 2008 related to the Georgia premium rate increase for July 1, 2007 - December 31, 2007.

Balance Sheet and Cash Flow

At December 31, 2008, the Company had cash and investments of \$822.1 million, including \$798.0 million held by its regulated entities and \$24.1 million held by its unregulated entities. Medical claims liabilities totaled \$373.0 million, representing 48.5 days in claims payable, an increase of 0.2 days from December 31, 2007 and an increase of 0.6 days from September 30, 2008. Total debt was \$264.9 million and debt to capitalization was 34.6%. Year to date cash flow from operations was \$222.0 million.

A reconciliation of the Company's change in days in claims payable from the immediately preceding quarter-end is presented below:

| | |
|--|------|
| Days in claims payable, September 30, 2008 | 47.9 |
| State medical expense reconciliation | 0.5 |
| Other | 0.1 |
| Days in claims payable, December 31, 2008 | 48.5 |

Outlook

The table below depicts the Company's annual guidance for 2009:

| | Full Year 2009 | |
|----------------------------|----------------|----------|
| | Low | High |
| Revenue (in millions) (1) | \$ 3,650 | \$ 3,775 |
| Earnings per diluted share | \$ 1.82 | \$ 1.94 |

(1) Revenue net of premium tax

The Company is maintaining its previously issued 2009 financial guidance.

Conference Call

As previously announced, the Company will host a conference call Tuesday, February 10, 2009, at 8:30 A.M. (Eastern Time) to review the financial results for the fourth quarter and year ended December 31, 2008, and to discuss its business outlook. Michael F. Neidorff and Eric R. Slusser will host the conference call. Investors are invited to participate in the conference call by dialing 800-273-1254 in the U.S. and Canada, 973-638-3440 from abroad, or via a live internet broadcast on the Company's website at www.centene.com, under the Investor Relations section. A replay will be available for on-demand listening shortly after the completion of the call until 11:59 P.M. (Eastern Time) on February 24, 2009 at the aforementioned URL, or by dialing 800-642-1687 in the U.S. and Canada, or 706-645-9291 from abroad, and entering access code 81401888.

About Centene Corporation

Centene Corporation is a leading multi-line healthcare enterprise that provides programs and related services to individuals receiving benefits under Medicaid, including the State Children's Health Insurance Program (SCHIP), as well as Aged, Blind, or Disabled (ABD), Foster Care, Long-Term Care and Medicare (Special Needs Plans). The Company operates local health plans and offers a range of healthcare solutions for the rising number of uninsured Americans. It also contracts with other healthcare and commercial organizations to provide specialty services including behavioral health, life and health management, managed vision, nurse triage, pharmacy benefits management and treatment compliance.

Information regarding Centene is available via the Internet at www.centene.com.

The information provided in this press release contains forward-looking statements that relate to future events and future financial performance of Centene. Subsequent events and developments may cause the Company's estimates to change. The Company disclaims any obligation to update this forward-looking financial information in the future. Readers are cautioned that matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, regulatory, competitive and other factors that may cause Centene's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Actual results may differ from projections or estimates due to a variety of important factors, including Centene's ability to accurately predict and effectively manage health benefits and other operating expenses, competition, changes in healthcare practices, changes in federal or state laws or regulations, inflation, provider contract changes, new technologies, reduction in provider payments by governmental payors, major epidemics, disasters and numerous other factors affecting the delivery and cost of healthcare. The expiration, cancellation or suspension of Centene's Medicaid Managed Care contracts by state governments would also negatively affect Centene.

[Tables Follow]

CENTENE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

| | December 31, | |
|---|--------------|------------|
| | 2008 | 2007 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents of continuing operations | \$ 370,999 | \$ 267,305 |
| Cash and cash equivalents of discontinued operations | 8,100 | 1,279 |
| Total cash and cash equivalents | 379,099 | 268,584 |
| Premium and related receivables, net of allowance for uncollectible accounts of \$595 and \$258, respectively | 92,531 | 79,492 |
| Short-term investments, at fair value (amortized cost \$108,469 and \$46,193, respectively) | 109,393 | 46,074 |
| Other current assets | 75,333 | 39,382 |
| Current assets of discontinued operations other than cash | 9,987 | 12,807 |
| Total current assets | 666,343 | 446,339 |

| | | |
|--|--------------|--------------|
| Long-term investments, at fair value (amortized cost \$329,330 and \$314,681, respectively) | 332,411 | 317,041 |
| Restricted deposits, at fair value (amortized cost \$9,124 and \$6,383, respectively) | 9,254 | 6,430 |
| Property, software and equipment, net | 175,858 | 135,883 |
| Goodwill | 163,380 | 138,862 |
| Intangible assets, net | 17,575 | 11,337 |
| Other long-term assets | 59,083 | 36,067 |
| Long-term assets of discontinued operations | 27,248 | 29,865 |
| Total assets | \$ 1,451,152 | \$ 1,121,824 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Medical claims liability | \$ 373,037 | \$ 313,364 |
| Accounts payable and accrued expenses | 219,566 | 102,944 |
| Unearned revenue | 17,107 | 44,016 |
| Current portion of long-term debt | 255 | 971 |
| Current liabilities of discontinued operations | 31,013 | 25,505 |
| Total current liabilities | 640,978 | 486,800 |
| Long-term debt | 264,637 | 206,406 |
| Other long-term liabilities | 43,539 | 13,300 |
| Long-term liabilities of discontinued operations | 726 | 271 |
| Total liabilities | 949,880 | 706,777 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, \$.001 par value; authorized 100,000,000 shares; issued and outstanding 42,987,764 and 43,667,837 shares, respectively | 43 | 44 |
| Additional paid-in capital | 222,841 | 221,693 |
| Accumulated other comprehensive income: | | |
| Unrealized gain on investments, net of tax | 3,152 | 1,571 |
| Retained earnings | 275,236 | 191,739 |
| Total stockholders' equity | 501,272 | 415,047 |
| Total liabilities and stockholders' equity | \$ 1,451,152 | \$ 1,121,824 |

CENTENE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share data)

| | Three Months Ended | | Year Ended | |
|-------------------------------------|--------------------|------------|--------------|--------------|
| | December 31, | | December 31, | |
| | 2008 | 2007 | 2008 | 2007 |
| | (Unaudited) | | (Unaudited) | |
| Revenues: | | | | |
| Premium | \$ 860,811 | \$ 700,030 | \$ 3,199,360 | \$ 2,611,953 |
| Premium tax | 23,952 | 20,393 | 90,202 | 76,567 |
| Service | 17,995 | 19,399 | 74,953 | 80,508 |
| Total revenues | 902,758 | 739,822 | 3,364,515 | 2,769,028 |
| Operating expenses: | | | | |
| Medical costs | 708,163 | 596,971 | 2,640,335 | 2,190,898 |
| Cost of services | 13,453 | 15,530 | 56,920 | 61,348 |
| General and administrative expenses | 121,343 | 107,159 | 444,733 | 384,970 |
| Premium tax | 24,329 | 20,393 | 90,966 | 76,567 |
| Total operating expenses | 867,288 | 740,053 | 3,232,954 | 2,713,783 |
| Earnings from operations | 35,470 | (231) | 131,561 | 55,245 |
| Other income (expense): | | | | |
| Investment and other income | 6,004 | 6,069 | 21,728 | 24,452 |
| Interest expense | (4,237) | (4,110) | (16,673) | (15,626) |
| Earnings before income tax expense | 37,237 | 1,728 | 136,616 | 64,071 |

| | | | | |
|--|------------|------------|------------|------------|
| Income tax expense | 13,971 | 97 | 52,435 | 23,031 |
| Net earnings from continuing operations | 23,266 | 1,631 | 84,181 | 41,040 |
| Discontinued operations, net of income tax (benefit) expense of \$ (671), \$940, \$ (281), and \$ (31,563), respectively | (1,843) | (158) | (684) | 32,362 |
| Net earnings | \$ 21,423 | \$ 1,473 | \$ 83,497 | \$ 73,402 |
| Net earnings per share: | | | | |
| Basic: | | | | |
| Continuing operations | \$ 0.54 | \$ 0.04 | \$ 1.95 | \$ 0.95 |
| Discontinued operations | (0.04) | (0.01) | (0.02) | 0.74 |
| Basic earnings per common share | \$ 0.50 | \$ 0.03 | \$ 1.93 | \$ 1.69 |
| Diluted: | | | | |
| Continuing operations | \$ 0.53 | \$ 0.04 | \$ 1.90 | \$ 0.92 |
| Discontinued operations | (0.04) | (0.01) | (0.02) | 0.72 |
| Diluted earnings per common share | \$ 0.49 | \$ 0.03 | \$ 1.88 | \$ 1.64 |
| Weighted average number of shares outstanding: | | | | |
| Basic | 42,957,593 | 43,574,811 | 43,275,187 | 43,539,950 |
| Diluted | 44,043,749 | 44,951,016 | 44,398,955 | 44,823,082 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

| | Year Ended December 31, | |
|--|-------------------------|------------|
| | 2008 | 2007 |
| Cash flows from operating activities: | | |
| Net earnings | \$ 83,497 | \$ 73,402 |
| Adjustments to reconcile net earnings to net cash provided by operating activities-- | | |
| Depreciation and amortization | 35,414 | 27,807 |
| Stock compensation expense | 15,328 | 15,781 |
| Loss on sale of investments, net | 4,988 | 106 |
| Gain on sale of FirstGuard Missouri | -- | (7,472) |
| Impairment loss | 2,546 | 7,207 |
| Deferred income taxes | 1,286 | (10,223) |
| Changes in assets and liabilities-- | | |
| Premium and related receivables | (1,548) | 1,663 |
| Other current assets | (4,244) | (6,253) |
| Other assets | (2,700) | (348) |
| Medical claims liability | 46,337 | 56,287 |
| Unearned revenue | (36,447) | 10,085 |
| Accounts payable and accrued expenses | 75,112 | 31,234 |
| Other operating activities | 2,409 | 2,964 |
| Net cash provided by operating activities | 221,978 | 202,240 |
| Cash flows from investing activities: | | |
| Capital expenditures | (65,156) | (53,937) |
| Purchase of investments | (549,652) | (606,366) |
| Sales and maturities of investments | 546,264 | 456,738 |
| Proceeds from asset sales | -- | 14,102 |
| Investments in acquisitions and equity method investee, net of cash acquired | (85,377) | (36,001) |
| Net cash used in investing activities | (153,921) | (225,464) |
| Cash flows from financing activities: | | |

| | | |
|---|------------|------------|
| Proceeds from exercise of stock options | 5,354 | 5,464 |
| Proceeds from borrowings | 236,005 | 212,000 |
| Payment of long-term debt and notes payable | (178,491) | (181,981) |
| Excess tax benefits from stock compensation | 3,100 | -- |
| Common stock repurchases | (23,510) | (9,541) |
| Debt issue costs | -- | (5,181) |
| Net cash provided by financing activities | 42,458 | 20,761 |
| Net increase (decrease) in cash and cash equivalents | 110,515 | (2,463) |
| Cash and cash equivalents, beginning of period | 268,584 | 271,047 |
| Cash and cash equivalents, end of period | \$ 379,099 | \$ 268,584 |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | \$ 15,312 | \$ 11,945 |
| Income taxes paid | \$ 36,801 | \$ 7,348 |
| Supplemental disclosure of non-cash investing and financing activities: | | |
| Property acquired under capital lease obligations | \$ -- | \$ 1,736 |

CENTENE CORPORATION

CONTINUING OPERATIONS SUPPLEMENTAL FINANCIAL DATA

| | Q4 | Q3 | Q2 | Q1 | Q4 |
|----------------|---------|---------|---------|---------|---------|
| | 2008 | 2008 | 2008 | 2008 | 2007 |
| MEMBERSHIP | | | | | |
| Managed Care: | | | | | |
| Georgia | 288,300 | 283,900 | 278,800 | 282,700 | 287,900 |
| Indiana | 175,300 | 172,400 | 161,700 | 161,300 | 154,600 |
| Ohio | 133,400 | 132,500 | 137,300 | 131,100 | 128,700 |
| South Carolina | 31,300 | 26,600 | 22,500 | 29,300 | 31,800 |
| Texas | 431,700 | 436,900 | 427,200 | 369,000 | 354,400 |

| | | | | | |
|---------------------------|-----------|-----------|-----------|-----------|-----------|
| Wisconsin | 124,800 | 122,500 | 124,800 | 126,900 | 131,900 |
| TOTAL | 1,184,800 | 1,174,800 | 1,152,300 | 1,100,300 | 1,089,300 |
| Medicaid | 862,500 | 850,500 | 828,700 | 823,600 | 807,600 |
| SCHIP & Foster Care | 257,300 | 261,800 | 256,900 | 206,300 | 214,600 |
| ABD & Medicare | 65,000 | 62,500 | 66,700 | 70,400 | 67,100 |
| TOTAL | 1,184,800 | 1,174,800 | 1,152,300 | 1,100,300 | 1,089,300 |

Specialty
Services
(a):

Cenpatico
Behavioral
Health

| | | | | | |
|---------|---------|---------|--------|--------|--------|
| Arizona | 105,000 | 102,400 | 99,400 | 97,900 | 99,900 |
| Kansas | 41,100 | 40,100 | 40,000 | 39,400 | 39,000 |

Bridgeway
Health
Solutions

| | | | | | |
|-------------------|---------|---------|---------|---------|---------|
| Long-term Care | 2,100 | 1,900 | 1,800 | 1,700 | 1,600 |
| Acute Care | 14,900 | -- | -- | -- | -- |
| TOTAL | 163,100 | 144,400 | 141,200 | 139,000 | 140,500 |

(a) Includes external Specialty Service membership only.

REVENUE

| | | | | | |
|------------|-----------|-----------|-----------|-----------|-----------|
| PER MEMBER | \$ 218.52 | \$ 213.28 | \$ 214.76 | \$ 215.39 | \$ 210.11 |
|------------|-----------|-----------|-----------|-----------|-----------|

(b)

CLAIMS (b)

| | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|
| Period-end inventory | 269,300 | 323,200 | 389,100 | 411,700 | 329,200 |
| Average inventory | 288,600 | 298,400 | 235,300 | 285,700 | 244,600 |
| Period-end inventory per member | 0.23 | 0.28 | 0.34 | 0.37 | 0.30 |

(b) Revenue per member and claims information are presented for the Medicaid Managed Care segment.

| | Q4 | Q3 | Q2 | Q1 | Q4 |
|-------------------------------|------|------|------|------|------|
| | 2008 | 2008 | 2008 | 2008 | 2007 |
| DAYS IN CLAIMS PAYABLE (c) | 48.5 | 47.9 | 47.8 | 48.3 | 48.3 |

(c) Days in Claims Payable is a calculation of Medical Claims Liabilities at the end of the period divided by average claims expense per calendar day for such period.

CASH AND INVESTMENTS
(in millions)

| | | | | | |
|-------------------------------|----------|----------|----------|----------|----------|
| Regulated | \$ 798.0 | \$ 692.6 | \$ 653.1 | \$ 627.1 | \$ 603.9 |
| Unregulated | 24.1 | 26.8 | 29.0 | 25.8 | 33.0 |
| TOTAL | \$ 822.1 | \$ 719.4 | \$ 682.1 | \$ 652.9 | \$ 636.9 |
| DEBT TO CAPITALIZATION (d) | 34.6 % | 34.4 % | 32.6 % | 32.8 % | 33.3 % |

(d) Debt to Capitalization is calculated as follows: total debt divided by (total debt + equity).

OPERATING RATIOS:

| | Three Months Ended | | Year Ended | |
|---|--------------------|--------|--------------|--------|
| | December 31, | | December 31, | |
| | 2008 | 2007 | 2008 | 2007 |
| Health Benefits Ratios | | | | |
| Medicaid and SCHIP | 80.3 % | 83.7 % | 80.6 % | 82.8 % |
| ABD and Medicare | 90.1 | 94.4 | 91.1 | 91.4 |
| Specialty Services | 85.4 | 78.5 | 83.8 | 78.4 |
| Total | 82.3 | 85.3 | 82.5 | 83.9 |
| General & Administrative Expense Ratios | | | | |
| Medicaid Managed Care | 10.4 % | 11.9 % | 10.4 % | 11.2 % |
| Specialty Services | 16.7 | 15.7 | 16.4 | 15.8 |
| Total | 13.8 | 14.9 | 13.6 | 14.3 |

MEDICAL CLAIMS LIABILITIES (In thousands)

Four rolling quarters of the changes in medical claims liabilities are summarized as follows:

| | |
|----------------------------|------------|
| Balance, December 31, 2007 | \$ 313,364 |
| Acquisitions | 15,398 |
| Incurred related to: | |
| Current period | 2,659,036 |
| Prior period | (18,701) |
| Total incurred | 2,640,335 |
| Paid related to: | |
| Current period | 2,303,473 |
| Prior period | 292,587 |
| Total paid | 2,596,060 |
| Balance, December 31, 2008 | \$ 373,037 |

Centene's claims reserving process utilizes a consistent actuarial methodology to estimate Centene's ultimate liability. Any reduction in the "Incurred related to: Prior period" claims may be offset as Centene actuarially determines "Incurred related to: Current period." As such, only in the absence of a consistent reserving methodology would favorable development of prior period claims liability estimates reduce medical costs. Centene believes it has consistently applied its claims reserving methodology in each of the periods presented.

Source: Centene Corporation