

April 30, 2003



Centene Corporation Reports Fifteenth Consecutive Quarter of Increased Profitability and Implements Multi-Line Strategy

ST. LOUIS--(BUSINESS WIRE)--April 30, 2003--Centene Corporation (Nasdaq: CNTE) today announced its financial results for the quarter ended March 31, 2003.

First Quarter Highlights

- Revenues of \$177.4 million, an 85% increase over the first quarter of 2002.
- Earnings from operations of \$10.1 million, a 62% increase over the first quarter of 2002.
- Earnings per diluted share of \$0.60.
- Organic membership growth of 38% over first quarter of 2002.
- Operating cash flows of \$9.9 million.
- Days in claims payable of 58.1, reflecting reduced claims inventory per member, continuing efficiencies in claims processing, a full quarter consolidation of New Jersey and physician quality bonuses.
- Acquisition of a 63.7% ownership interest in Group Practice Affiliates, an Atlanta-based behavioral healthcare services company, and assets of ScriptAssist, a medication compliance company.
- Health benefits ratio of 83.4%, within the Company's target range of 82.0% to 83.5% and at forecasted levels for New Jersey.

Michael F. Neidorff, Centene's president and chief executive officer, said, "This is our first quarter reflecting the implementation of our long-stated strategy of developing a Medicaid focused, multi-line company. We are pleased to again deliver results that are consistent and in-line with our internal expectations and the diversity of our growing business. These results reflect our first at-risk SSI membership, two new specialty companies, solid margins in our state health plans, and ongoing tight controls over corporate expenses. Our results confirm the premise under which we operate, to work with the states on their budget issues while improving the quality of care and health outcomes of our recipients and diversifying into fee-for-service business."

Neidorff continued, "Consistent with our strategy to diversify our business into areas that affect our managed Medicaid population, we entered into a joint venture with Group Practice Affiliates, a behavioral healthcare company. This investment provides the opportunity to be proactive in an area that is often overlooked by healthcare providers. We are pleased with their progress to date in establishing a presence in Wisconsin, which will support our health plan, starting in the third quarter, and are developing additional outside fee-for-service business. Concurrently, we purchased the assets of ScriptAssist, which promotes adherence to prescription drugs, and integrated them into our NurseWise subsidiary. We will continue to develop opportunities to increase our revenue in this area and work toward our longer-term goal of becoming a multi-line government services provider."

"While the fiscal landscape remains challenging for many states, it is clearer than ever that the states are working with us as we help them find constructive solutions to their budget issues. We remain confident that there are significant opportunities to continue to grow our revenue base, expand membership, and complete strategic acquisitions," concluded Neidorff.

Membership totaled 419,300 at March 31, 2003, a 68.2% increase from 249,300 at March 31, 2002. The Company experienced solid growth in its Wisconsin and Texas markets during the quarter, while membership in its Indiana and New Jersey markets was stable. The state of Indiana altered its enrollment process to begin requiring in-person eligibility verification for Medicaid recipients who also receive food stamp benefits. This change temporarily reduced the Company's membership in this category. Centene adopted new procedures to preempt this issue in the future; however, the unusually inclement weather in Indiana during the first quarter further stalled the implementation measures. New Jersey membership will continue to be consistent, as planned, through the second quarter as the Company builds a solid base in this market. This initial experience is consistent with the Company's past acquisitions in Wisconsin and Texas.

The following table depicts membership in Centene's managed care organizations by state at March 31, 2003 and 2002:

	2003	2002
	-----	-----
Wisconsin	139,100	114,600
Texas	122,700	57,100
Indiana	104,800	77,600
New Jersey	52,700	-
	-----	-----
TOTAL	419,300	249,300
	=====	=====

The following table depicts membership in Centene's managed care organizations by member category at March 31, 2003 and 2002:

	2003	2002
	-----	-----
Medicaid	344,700	224,900
SCHIP	66,600	21,900
SSI	8,000 (a)	2,500 (b)
	-----	-----
TOTAL	419,300	249,300
	=====	=====

(a) 4,200 at-risk; 3,800 ASO

(b) All ASO

The Company is also expanding its disclosure as it relates to claims information to include both period-end claims inventory as well as average claims inventory. While the period-end inventory count has declined over sequential quarters reflecting faster claims payment, the average inventory levels increased with the integration of both University Health Plans and the Texas Universities Health Plan SCHIP contracts, which added approximately 76,000 members. By example, the University Health Plans transaction closed December 1, 2002 and as such, a complete cycle of physician billings was not reflected due to a lag in provider claims submission.

Statement of Earnings Highlights

- For the first quarter of 2003, revenues increased 85.3% to \$177.4 million from \$95.8 million in the first quarter of 2002. Net of acquisitions, revenue growth was \$45.6 million, or 47.7%, over the same prior year period.
- The health benefits ratio, which reflects medical services costs as a percent of premium revenues, was 83.4%, with the Medicaid component at 82.4% and compared to 82.5% for the same period in 2002. Both ratios were within the Company's targeted range of 82.0% to 83.5%. The Company experienced an increase in this ratio due to the addition of SSI risk members from its acquisition of 80% of University Health Plans in December 2002. The health benefits ratio for SSI is influenced by a small membership base and is therefore more volatile. As the SSI population reaches critical mass, the ratio for this SSI population is expected to normalize in a range of 83.0% to 86.0% percent.
- General and administrative expenses as a percent of revenues on the Company's Medicaid business consistently decreased to 10.5% from 10.7% in the first quarter of 2002. Including the effects of the Company's specialty business, which has a higher level of general and administrative expenses, the consolidated general and administrative expense ratio remained constant at 10.9% quarter over quarter.
- Earnings from operations increased 62.0% to \$10.1 million from \$6.3 million in 2002. Net earnings improved to \$7.2 million, or \$0.60 per diluted share, compared to \$4.3 million, or \$0.38 per diluted share, for the first quarter of 2002.

Balance Sheet Highlights

At March 31, 2003, the Company had cash and investments of \$172.4 million, a portion of which is restricted due to state regulatory requirements. Medical claims liabilities totaled \$94.8 million, representing 58.1 days in claims payable. A full reconciliation of the Company's change in days in claims payable from the immediately preceding quarter is highlighted below:

Full Quarter of New Jersey Medical Expense	(7.3)
Physician Quality Bonus	(3.3)
Pharmacy Accrual Changes	0.4
Faster Payment Turn-Around	(3.1)
Lower Ending Inventory	(0.4)

Total	(13.7) days
	=====

Outlook

Karey L. Witty, Centene's chief financial officer, commented, "We anticipate 2003 revenue in the range of \$720 million to \$730 million and net earnings of \$2.59 to \$2.64 per share. This does not include the potential impact of any additional acquisitions we may undertake during 2003."

Conference Call

As previously announced, the Company will host a conference call tomorrow, May 1, 2003, at 8:30 a.m. (Eastern Time) to review the financial results for the first quarter ended March 31, 2003, and to discuss its business outlook. Michael F. Neidorff and Karey L. Witty will host the conference call. Investors are invited to participate in the conference call by dialing (800) 273-1254 in the United States and Canada, and (706) 679-8592 for international participants, or via a live Internet broadcast at the Company's website, www.centene.com. A replay of the call

will be available from May 1, 2003, shortly after completion of the call and ending on May 14, 2003, at 11:59 p.m. Investors may dial (800) 642-1687 in the United States and (706) 645-9291 from abroad and enter access number 9309238. Additionally, the webcast will be archived for the same period at www.centene.com.

About Centene Corporation

Centene Corporation provides managed care programs and related services to individuals receiving benefits under Medicaid, including Supplemental Security Income (SSI), and the State Children's Health Insurance Program (SCHIP). The Company operates health plans in Wisconsin, Texas, Indiana and New Jersey. In addition, the Company contracts with other healthcare organizations to provide specialty services including behavioral health, nurse triage and pharmacy compliance.

The information provided in the second, third and fourth paragraphs following the bullet listing under "First Quarter Highlights," the second bullet under "Statement of Earnings Highlights" and the paragraph under "Outlook" above contain forward-looking statements that relate to future events and future financial performance of Centene. These forward-looking statements represent the Company's estimates as of April 30, 2003. 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.

CENTENE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In thousands, except share data)

	MARCH 31, 2003	DECEMBER 31, 2002

	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$59,970	\$59,656
Premium and related receivables, net of allowances of \$215 and \$219, respectively	19,925	16,773
Short-term investments, at fair value (amortized cost \$8,724 and \$9,687, respectively)	8,719	9,571
Deferred income taxes	1,853	2,846
Other current assets	5,335	4,243

Total current assets	95,802	93,089

LONG-TERM INVESTMENTS, at fair value (amortized cost \$85,580 and \$78,025, respectively)	87,187	79,666
RESTRICTED DEPOSITS, at fair value (amortized cost \$16,322 and \$15,561, respectively)	16,533	15,762
PROPERTY AND EQUIPMENT, net	6,998	6,295
INTANGIBLE ASSETS, net	13,308	10,695
DEFERRED INCOME TAXES	630	472
OTHER ASSETS	4,289	4,348
	-----	-----
Total assets	\$224,747	\$210,327
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Medical claims liabilities	\$94,767	\$91,181
Accounts payable and accrued expenses	13,041	10,748
Other current liabilities	370	--
	-----	-----
Total current liabilities	108,178	101,929
OTHER LIABILITIES	6,319	5,334
	-----	-----
Total liabilities	114,497	107,263
MINORITY INTEREST	589	881
STOCKHOLDERS' EQUITY:		
Common stock, \$.001 par value; authorized 40,000,000 shares; 10,943,142 and 10,829,099 shares issued and outstanding, respectively	11	11
Additional paid-in capital	72,640	72,377
Accumulated other comprehensive income:		
Net unrealized gain on investments, net of tax	1,141	1,087
Retained earnings	35,869	28,708
	-----	-----
Total stockholders' equity	109,661	102,183
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Total liabilities and stockholders' equity	\$224,747	\$210,327
	=====	=====

CENTENE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except share data)

	THREE MONTHS ENDED	
	MARCH 31,	
	2003	2002
	-----	-----
	(Unaudited)	
REVENUES:		
Premiums	\$176,212	\$95,650
Services	1,222	103
	-----	-----
Total revenues	177,434	95,753
	-----	-----
EXPENSES:		
Medical costs	146,907	78,944
Cost of services(a)	975	82

General and administrative expenses	19,405	10,465
	-----	-----
Total operating expenses	167,287	89,491
	-----	-----
Earnings from operations	10,147	6,262
OTHER INCOME (EXPENSE):		
Investment and other income, net	974	915
Interest expense	(27)	--
	-----	-----
Earnings before income taxes	11,094	7,177
INCOME TAX EXPENSE	4,233	2,877
MINORITY INTEREST	300	--
	-----	-----
Net earnings	\$7,161	\$4,300
	=====	=====

EARNINGS PER COMMON SHARE, BASIC:
Net earnings per common share \$0.66 \$0.43

EARNINGS PER COMMON SHARE, DILUTED:
Net earnings per common share \$0.60 \$0.38

SHARES USED IN COMPUTING PER SHARE AMOUNTS:
Basic 10,898,849 10,091,348
Diluted 11,838,177 11,317,634

(a) Cost of services includes salaries and wages of physicians, clinicians, therapists and teachers who provide specialty services.

CENTENE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	THREE MONTHS ENDED	
	MARCH 31,	
	2003	2002

	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$7,161	\$4,300
Adjustments to reconcile net earnings to net cash provided by operating activities --		
Depreciation and amortization	1,379	476
Stock compensation expense	5	4
Minority interest	(300)	--
Gain on sale of investments	(293)	(205)
Changes in assets and liabilities --		
Increase in premium and related receivables	(1,982)	(2,640)
Increase in other current assets	(626)	(2,413)
Decrease in deferred income taxes	803	288
Decrease in other assets	58	--
Increase in medical claims liabilities	3,586	5,363
Decrease in accounts payable and accrued expenses	(187)	(2,869)
Increase in unearned revenues	19	--
Increase in other liabilities	236	--
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Net cash provided by operating activities	9,859	2,304
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CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(684)	(1,338)
Purchase of investments	(42,055)	(6,673)
Sales and maturities of investments	35,218	11,751
Contract acquisitions	(561)	--
Investment in subsidiary	(1,722)	(3,188)
	-----	-----
Net cash (used in) provided by investing activities	(9,804)	552
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	259	15
	-----	-----
Net cash provided by financing activities	259	15
	-----	-----
Net increase in cash and cash equivalents	314	2,871
	-----	-----
CASH AND CASH EQUIVALENTS, beginning of period	59,656	88,867
	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$59,970	\$91,738
	=====	=====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Interest paid	\$18	\$--
Income taxes paid	\$1,230	\$4,330

SUPPLEMENTAL FINANCIAL DATA

	Q1 2003	Q4 2002	Q3 2002	Q2 2002
	-----	-----	-----	-----
MEMBERSHIP				
Wisconsin	139,100	133,000	126,800	123,900
Texas	122,700 (a)	118,000 (a)	67,800	61,900
Indiana	104,800	105,700	101,500	92,800
New Jersey	52,700	52,900	--	--
	-----	-----	-----	-----
Total	419,300	409,600	296,100	278,600
	=====	=====	=====	=====

(a) Includes 12,000 members managed on an interim basis.

Medicaid	344,700	336,100	264,100	252,100
SCHIP	66,600	65,900	29,400	23,900
SSI	8,000	7,600	2,600	2,600
	-----	-----	-----	-----
Total	419,300	409,600	296,100	278,600
	=====	=====	=====	=====

REVENUE PER MEMBER \$142.06 \$134.08 \$133.20 \$132.33

CLAIMS

Period-end Inventory	144,465	150,717	140,432	169,969
Average Inventory	131,382	73,800	51,700	79,000
Period-end Inventory per Member	0.34	0.37	0.47	0.61

DAYS IN CLAIMS PAYABLE (b) 58.1 71.8 62.7 65.6

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

ANNUALIZED RETURN ON EQUITY (c) 27.0% 27.7% 27.5% 26.0%

(c) Annualized Return on Equity is calculated as follows:
 (net income for quarter x 4) divided by ((beginning of
 period equity + end of period equity) divided by 2).

HEALTH BENEFITS RATIO BY CATEGORY:

	THREE MONTHS ENDED MARCH 31,	
	2003	2002
	-----	-----
Medicaid (excluding SSI)	82.4%	82.5%
SSI	104.2%	---
Total	83.4%	82.5%

GENERAL AND ADMINISTRATIVE EXPENSE RATIO BY BUSINESS SEGMENT:

	THREE MONTHS ENDED MARCH 31,	
	2003	2002
	-----	-----
Medicaid Managed Care	10.5%	10.7%
Specialty Services	18.6%	20.1%
Total	10.9%	10.9%

MEDICAL CLAIMS LIABILITIES
 (in thousands)

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

Balance, March 31, 2002	\$64,928
Acquisitions	16,230 (d)
Incurred related to:	
Current period	468,829
Prior period	(21,398)

Total incurred	447,431

Paid related to:	
Current period	393,662
Prior period	40,160

Total paid	433,822

Balance, March 31, 2003	\$94,767
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(d) Includes reserves acquired in connection with the acquisition
 of 80% of the outstanding capital stock of University Health
 Plans, Inc.

Our claims reserving process utilizes a consistent actuarial

methodology to estimate our ultimate liability. Any reduction in the "Incurred related to: Prior period" claims may be offset as we actuarially determine "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. We believe we have consistently applied our claims reserving methodology in each of the periods presented.

CONTACT: Centene Corporation
Karey L. Witty, 314/725-4477
or
In-Site Communications
Investor Relations
Lisa M. Wilson, 212/759-3929

SOURCE: Centene Corporation