



## Centene Corporation Reports 2011 Fourth Quarter and Full Year Earnings

February 7, 2012

**- FOURTH QUARTER EARNINGS OF \$0.57 PER DILUTED SHARE -  
- FULL YEAR EARNINGS OF \$2.12 PER DILUTED SHARE -**

ST. LOUIS, Feb. 7, 2012 /PRNewswire/ -- Centene Corporation (NYSE: CNC) today announced its financial results for the quarter and year ended December 31, 2011. As previously discussed, beginning with the fourth quarter of 2011, we have reclassified certain medical costs to more closely align with the NAIC definitions. All of the information in this release has been reclassified to conform to the current presentation. For additional information, the details of the reclassification are provided in the supplemental financial data of this release.

| <b>2011 Highlights</b>                     |            |   |                  |     |
|--|------------|---|------------------|-----|
|  | <u>Q4</u>  |   | <u>Full Year</u> |     |
| Premium and Service Revenues (in millions) | \$ 1,458.5 |   | \$ 5,181.0       |     |
| Consolidated Health Benefits Ratio         | 85.9       | % | 85.2             | %   |
| General & Administrative expense ratio     | 11.0       | % | 11.3             | %   |
| Diluted EPS                                | \$ 0.57    |   | \$ 2.12          | (1) |
| Cash flow from operations (in millions)    | \$ 172.0   |   | \$ 261.7         |     |

(1) Includes \$0.10 per share of debt extinguishment costs.

### Fourth Quarter Highlights

- Quarter-end managed care at-risk membership of 1,816,000, an increase of 18.4% year over year.
- Premium and Service Revenues of \$1.5 billion, representing 29.1% year over year growth.
- Health Benefits Ratio of 85.9%, compared to 85.0% in the prior year and 85.0% in the third quarter of 2011.
- General and Administrative expense ratio of 11.0%, compared to 11.3% in the prior year.
- Diluted earnings per share from continuing operations of \$0.57, an increase of 14.0% from the prior year.
- Employees increased from 4,200 at December 31, 2010 to 5,300 at December 31, 2011, reflecting our continued business expansions.

### Other Events

- In January 2012, we were selected to contract with the Washington Health Care Authority to serve Medicaid beneficiaries in the state. Operations are expected to commence in the third quarter of 2012.
- In February 2012, Louisiana Healthcare Connections began operating under a new contract in Louisiana to provide healthcare services to Medicaid enrollees participating in the Bayou Health program. In addition, Nurtur, our subsidiary which provides life, health and wellness programs, commenced operations to provide disease management services for state employees in Louisiana beginning in January 2012.

Michael F. Neidorff, Centene's Chairman and Chief Executive Officer, stated, "During 2011, we were able to successfully demonstrate our ability to grow through new contract awards and expansions, while continuing to focus on our targeted margins. I look forward to the new business commencing in 2012 and the opportunity to develop additional markets."

The following table depicts membership in Centene's managed care organizations, by state:

|          | <u>December 31,</u> |             |
|----------|---------------------|-------------|
|          | <u>2011</u>         | <u>2010</u> |
| Arizona  | 23,700              | 22,400      |
| Florida  | 198,300             | 194,900     |
| Georgia  | 298,200             | 305,800     |
| Illinois | 16,300              | -           |
| Indiana  | 206,900             | 215,800     |

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Kentucky                 | 180,700          | -                |
| Massachusetts            | 35,700           | 36,200           |
| Mississippi              | 31,600           | -                |
| Ohio                     | 159,900          | 160,100          |
| South Carolina           | 82,900           | 90,300           |
| Texas                    | 503,800          | 433,100          |
| Wisconsin                | 78,000           | 74,900           |
| Total at-risk membership | 1,816,000        | 1,533,500        |
| Non-risk membership      | 4,900            | 4,200            |
| Total                    | <u>1,820,900</u> | <u>1,537,700</u> |

The following table depicts membership in Centene's managed care organizations, by member category:

|                          | December 31,     |                  |
|--------------------------|------------------|------------------|
|                          | 2011             | 2010             |
| Medicaid                 | 1,336,800        | 1,177,100        |
| CHIP & Foster Care       | 213,900          | 210,500          |
| ABD & Medicare           | 218,000          | 104,600          |
| Hybrid Programs          | 40,500           | 36,200           |
| Long-term Care           | 6,800            | 5,100            |
| Total at-risk membership | 1,816,000        | 1,533,500        |
| Non-risk membership      | 4,900            | 4,200            |
| Total                    | <u>1,820,900</u> | <u>1,537,700</u> |

#### Statement of Operations: Three Months Ended December 31, 2011

- For the fourth quarter of 2011, Premium and Service Revenues increased 29.1% to \$1.5 billion from \$1.1 billion in the fourth quarter of 2010. The increase was primarily driven by new operations in Mississippi, Illinois and Kentucky added during 2011, Texas expansion and overall membership growth.
- Consolidated HBR of 85.9% for the fourth quarter of 2011 represents an increase of 0.9% from the comparable period in 2010 and from the third quarter of 2011. This increase is primarily a result of the commencement of operations in Kentucky in November 2011.
- Consolidated G&A expense ratio for the fourth quarter of 2011 was 11.0%, compared to 11.3% in the prior year. The decrease is a result of leveraging our costs over higher revenues, offset by additional business expansion costs.
- Earnings from operations increased to \$47.4 million in the fourth quarter 2011 from \$45.5 million in the fourth quarter 2010. Net earnings from continuing operations were \$30.1 million in the fourth quarter 2011, compared to \$25.5 million in the fourth quarter of 2010.
- Earnings per diluted share increased to \$0.57 in the fourth quarter of 2011 compared to \$0.50 in the prior year.

#### Statement of Operations: Year Ended December 31, 2011

- For the year ended December 31, 2011, Premium and Service Revenues increased 20.9% to \$5.2 billion from \$4.3 billion in 2010. The increase was driven by the commencement of operations in Mississippi, Kentucky and Illinois during 2011, Texas expansion and membership growth.
- Consolidated HBR of 85.2% for 2011 represents a decrease of 0.3% from 2010 primarily as a result of lower levels of utilization and contract enhancements, partially offset by our Kentucky health plan which began operations in November 2011.
- Consolidated G&A expense ratio for 2011 was 11.3%, compared to 11.2% in the prior year. The increase is primarily due to additional business expansion costs, offset by leveraging our expenses over higher revenues.
- Earnings from operations increased to \$190.3 million in 2011 from \$157.1 million in 2010, or 21.2% year over year. Net earnings from continuing operations were \$111.2 million in 2011, compared to \$90.9 million in 2010.
- Earnings per diluted share increased to \$2.12 in 2011, including \$(0.10) of debt extinguishment costs, compared to \$1.80 in the prior year.

## Balance Sheet and Cash Flow

At December 31, 2011, the Company had cash, investments and restricted deposits of \$1,237.1 million, including \$38.2 million held by its unregulated entities. Medical claims liabilities totaled \$608.0 million, representing 45.3 days in claims payable. Total debt was \$351.6 million and debt to capitalization was 22.6% at December 31, 2011 excluding the \$77.8 million non-recourse mortgage note. Cash flows from operations for the year ended December 31, 2011 were \$261.7 million, or 2.4 times net earnings.

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, 2011 | 43.6*       |
| Impact of new business                     | 1.8         |
| Ohio pharmacy carve in                     | (0.8)       |
| Timing of claim payments                   | 0.7         |
| Days in claims payable, December 31, 2011  | <u>45.3</u> |

\* Days in claims payable for September 30, 2011 have been reduced by 1.0 day to reflect the medical cost reclassification.

## Outlook

The table below depicts the Company's annual guidance for 2012:

|  | Full Year 2012 |          |
|--|----------------|----------|
|  | Low            | High     |
| Premium and Service Revenues (in millions) | \$ 7,200       | \$ 7,600 |
| Diluted EPS                                | \$ 2.60        | \$ 2.80  |
| Consolidated Health Benefits Ratio         | 87.0%          | 88.0%    |
| General & Administrative expense ratio     | 9.5%           | 10.0%    |
| Diluted Shares Outstanding (in thousands)  | 53,400         |          |

The above guidance has not been adjusted to include the impact associated with the Washington RFP and assumes that the Texas expansion will begin on March 1 with required CMS approval of premium rates.

## Conference Call

As previously announced, the Company will host a conference call Tuesday, February 7, 2012, at 8:30 A.M. (Eastern Time) to review the financial results for the fourth quarter and year ended December 31, 2011, and to discuss its business outlook. Michael F. Neidorff and William N. Scheffel will host the conference call. Investors and other interested parties are invited to listen to the conference call by dialing 1-800-860-2442 in the U.S. and Canada; +1-412-858-4600 from abroad; or via a live, audio webcast on the Company's website at [www.centene.com](http://www.centene.com), under the Investors section. A webcast replay will be available for on-demand listening shortly after the completion of the call for the next twelve months or until 11:59 PM (Eastern Time) on Tuesday, February 12, 2013, at the aforementioned URL. In addition, a digital audio playback will be available until 9:00 AM Eastern Time on Wednesday, February 15, 2012, by dialing 1-877-344-7529 in the U.S. and Canada, or +1-412-317-0088 from abroad, and entering access code 10008192.

## About Centene Corporation

Centene Corporation, a Fortune 500 company, is a leading *multi-line* healthcare enterprise that provides programs and related services to the rising number of under-insured and uninsured individuals. Many receive benefits provided under Medicaid, including the State Children's Health Insurance Program (CHIP), as well as Aged, Blind or Disabled (ABD), Foster Care and long-term care, in addition to other state-sponsored/hybrid programs, and Medicare (Special Needs Plans). Centene's CeliCare subsidiary offers states unique, "exchange based" and other cost-effective coverage solutions for low-income populations. The Company operates local health plans and offers a range of health insurance solutions. It also contracts with other healthcare and commercial organizations to provide specialty services including behavioral health, life and health management, managed vision, telehealth services, and pharmacy benefits management.

*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, membership and revenue projections, timing of regulatory contract approval, 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)  
(Unaudited)

|   | <b>December 31,</b> |                     |
|---|---------------------|---------------------|
|   | <b>2011</b>         | <b>2010</b>         |
| <b>ASSETS</b>   |                     |                     |
| Current assets:   |                     |                     |
| Cash and cash equivalents   | \$ 573,698          | \$ 434,166          |
| Premium and related receivables, net of allowance for uncollectible accounts of \$639 and \$17, respectively  | 157,450             | 136,243             |
| Short-term investments, at fair value (amortized cost \$129,232 and \$21,141, respectively)   | 130,499             | 21,346              |
| Other current assets  | 78,363              | 65,066              |
| Total current assets  | 940,010             | 656,821             |
| Long-term investments, at fair value (amortized cost \$497,805 and \$585,862, respectively)   | 506,140             | 595,879             |
| Restricted deposits, at fair value (amortized cost \$26,751 and \$22,755, respectively)   | 26,818              | 22,758              |
| Property, software and equipment, net of accumulated depreciation of \$177,294 and \$138,629, respectively  | 349,622             | 326,341             |
| Goodwill  | 281,981             | 278,051             |
| Intangible assets, net  | 27,430              | 29,109              |
| Other long-term assets  | 58,335              | 34,923              |
| Total assets  | <u>\$ 2,190,336</u> | <u>\$ 1,943,882</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                     |                     |
| Current liabilities:  |                     |                     |
| Medical claims liability  | \$ 607,985          | \$ 456,765          |
| Accounts payable and accrued expenses   | 216,504             | 188,320             |
| Unearned revenue  | 9,890               | 117,344             |
| Current portion of long-term debt   | 3,234               | 2,817               |
| Total current liabilities   | 837,613             | 765,246             |
| Long-term debt  | 348,344             | 327,824             |
| Other long-term liabilities   | 67,960              | 53,757              |
| Total liabilities   | 1,253,917           | 1,146,827           |
| Commitments and contingencies   |                     |                     |
| Stockholders' equity:   |                     |                     |
| Common stock, \$.001 par value; authorized 100,000,000 shares; 53,586,726 issued and 50,864,618 outstanding at December 31, 2011, and 52,172,037 issued and 49,616,824 outstanding at December 31, 2010 | 54                  | 52                  |
| Additional paid-in capital  | 421,981             | 384,206             |
| Accumulated other comprehensive income:   |                     |                     |
| Unrealized gain on investments, net of tax  | 5,761               | 6,424               |
| Retained earnings   | 564,961             | 453,743             |
| Treasury stock, at cost (2,722,108 and 2,555,213 shares, respectively)  | (57,123)            | (50,486)            |
| Total Centene stockholders' equity  | 935,634             | 793,939             |
| Noncontrolling interest   | 785                 | 3,116               |
| Total stockholders' equity  | 936,419             | 797,055             |
| Total liabilities and stockholders' equity  | <u>\$ 2,190,336</u> | <u>\$ 1,943,882</u> |

**CENTENE CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except share data)  
(Unaudited)

|                              | <b>Three Months Ended</b> |              | <b>Year Ended</b>   |              |
|------------------------------|---------------------------|--------------|---------------------|--------------|
|                              | <b>December 31,</b>       |              | <b>December 31,</b> |              |
|                              | <b>2011</b>               | <b>2010</b>  | <b>2011</b>         | <b>2010</b>  |
| <b>Revenues:</b>             |                           |              |                     |              |
| Premium                      | \$ 1,436,413              | \$ 1,106,370 | \$ 5,077,242        | \$ 4,192,172 |
| Service                      | 22,136                    | 23,118       | 103,765             | 91,661       |
| Premium and service revenues | 1,458,549                 | 1,129,488    | 5,181,007           | 4,283,833    |

|   |                  |                  |                   |                  |
|---|------------------|------------------|-------------------|------------------|
| Premium tax   | 48,627           | 51,481           | 159,575           | 164,490          |
| Total revenues  | 1,507,176        | 1,180,969        | 5,340,582         | 4,448,323        |
| <b>Expenses:</b>  |                  |                  |                   |                  |
| Medical costs   | 1,233,739        | 940,935          | 4,324,746         | 3,584,452        |
| Cost of services  | 17,397           | 16,414           | 78,114            | 63,919           |
| General and administrative expenses   | 159,937          | 127,886          | 587,004           | 477,765          |
| Premium tax   | 48,726           | 50,233           | 160,394           | 165,118          |
| Total operating expenses  | 1,459,799        | 1,135,468        | 5,150,258         | 4,291,254        |
| Earnings from operations  | 47,377           | 45,501           | 190,324           | 157,069          |
| <b>Other income (expense):</b>  |                  |                  |                   |                  |
| Investment and other income   | 3,990            | 3,293            | 13,369            | 15,205           |
| Debt extinguishment costs   | -                | -                | (8,488)           | -                |
| Interest expense  | (4,797)          | (5,452)          | (20,320)          | (17,992)         |
| Earnings from continuing operations, before income tax expense  | 46,570           | 43,342           | 174,885           | 154,282          |
| Income tax expense  | 17,306           | 16,958           | 66,522            | 59,900           |
| Earnings from continuing operations, net of income tax expense  | 29,264           | 26,384           | 108,363           | 94,382           |
| <b>Discontinued operations, net of income tax expense of \$0, \$12, \$0 and \$4,388, respectively</b> | -                | (65)             | -                 | 3,889            |
| Net earnings  | 29,264           | 26,319           | 108,363           | 98,271           |
| <b>Noncontrolling interest</b>  | (848)            | 920              | (2,855)           | 3,435            |
| <b>Net earnings attributable to Centene Corporation</b>   | <b>\$ 30,112</b> | <b>\$ 25,399</b> | <b>\$ 111,218</b> | <b>\$ 94,836</b> |
| <b>Amounts attributable to Centene Corporation common shareholders:</b>                               |                  |                  |                   |                  |
| Earnings from continuing operations, net of income tax expense  | \$ 30,112        | \$ 25,464        | \$ 111,218        | \$ 90,947        |
| Discontinued operations, net of income tax (benefit) expense  | -                | (65)             | -                 | 3,889            |
| Net earnings  | <u>\$ 30,112</u> | <u>\$ 25,399</u> | <u>\$ 111,218</u> | <u>\$ 94,836</u> |
| <b>Net earnings per share attributable to Centene Corporation:</b>                                    |                  |                  |                   |                  |
| Basic:  |                  |                  |                   |                  |
| Continuing operations   | \$ 0.60          | \$ 0.52          | \$ 2.22           | \$ 1.87          |
| Discontinued operations   | -                | -                | -                 | 0.08             |
| Earnings per common share   | <u>\$ 0.60</u>   | <u>\$ 0.52</u>   | <u>\$ 2.22</u>    | <u>\$ 1.95</u>   |
| Diluted:  |                  |                  |                   |                  |
| Continuing operations   | \$ 0.57          | \$ 0.50          | \$ 2.12           | \$ 1.80          |
| Discontinued operations   | -                | -                | -                 | 0.08             |
| Earnings per common share   | <u>\$ 0.57</u>   | <u>\$ 0.50</u>   | <u>\$ 2.12</u>    | <u>\$ 1.88</u>   |
| <b>Weighted average number of shares outstanding:</b>   |                  |                  |                   |                  |
| Basic   | 50,522,726       | 49,356,768       | 50,198,954        | 48,754,947       |
| Diluted   | 52,894,701       | 51,205,720       | 52,474,238        | 50,447,888       |

## CENTENE CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

|   | <b>Year Ended December 31,</b> |             |
|---|--------------------------------|-------------|
|   | <b>2011</b>                    | <b>2010</b> |
| <b>Cash flows from operating activities:</b>  |                                |             |
| Net earnings  | \$ 108,363                     | \$ 98,271   |
| Adjustments to reconcile net earnings to net cash provided by operating activities: |                                |             |
| Depreciation and amortization   | 58,327                         | 52,000      |
| Stock compensation expense  | 18,171                         | 13,874      |
| Gain on sale of investments, net  | (287)                          | (6,337)     |
| Debt extinguishment costs   | 8,488                          | -           |
| (Gain) on sale of UHP   | -                              | (8,201)     |
| Impairment loss on Casenet, LLC   | -                              | 5,531       |
| Deferred income taxes   | 2,031                          | 10,317      |
| Changes in assets and liabilities:  |                                |             |
| Premium and related receivables   | (11,306)                       | (23,359)    |
| Other current assets  | (11,812)                       | (3,240)     |
| Other assets  | (2)                            | (2,028)     |
| Medical claims liability  | 149,756                        | (30,421)    |
| Unearned revenue  | (109,082)                      | 25,700      |
| Accounts payable and accrued expenses   | 38,889                         | 37,398      |
| Other operating activities  | 10,160                         | (573)       |

|   |                   |                   |
|---|-------------------|-------------------|
| Net cash provided by operating activities   | 261,696           | 168,932           |
| <b>Cash flows from investing activities:</b>  |                   |                   |
| Capital expenditures  | (68,993)          | (63,304)          |
| Capital expenditures of Centene Center LLC  | (4,715)           | (55,252)          |
| Purchase of investments   | (318,397)         | (615,506)         |
| Sales and maturities of investments   | 267,404           | 570,423           |
| Proceeds from asset sales   | -                 | 13,420            |
| Investments in acquisitions, net of cash acquired, and investment in equity method investee | (4,375)           | (60,388)          |
| Net cash used in investing activities   | <u>(129,076)</u>  | <u>(210,607)</u>  |
| <b>Cash flows from financing activities:</b>  |                   |                   |
| Proceeds from exercise of stock options   | 15,815            | 3,419             |
| Proceeds from borrowings  | 419,183           | 218,538           |
| Proceeds from stock offering  | -                 | 104,534           |
| Payment of long-term debt   | (416,283)         | (195,728)         |
| Purchase of noncontrolling interest   | -                 | (48,257)          |
| Distributions from (to) noncontrolling interest   | 813               | (7,387)           |
| Excess tax benefits from stock compensation   | 4,435             | 963               |
| Common stock repurchases  | (7,809)           | (3,224)           |
| Debt issue costs  | <u>(9,242)</u>    | <u>(769)</u>      |
| Net cash provided by financing activities   | <u>6,912</u>      | <u>72,089</u>     |
| Net increase in cash and cash equivalents   | <u>139,532</u>    | <u>30,414</u>     |
| <b>Cash and cash equivalents, beginning of period</b>                                       | <u>434,166</u>    | <u>403,752</u>    |
| <b>Cash and cash equivalents, end of period</b>   | <u>\$ 573,698</u> | <u>\$ 434,166</u> |
| Supplemental disclosures of cash flow information:  |                   |                   |
| Interest paid   | \$ 27,383         | \$ 17,296         |
| Income taxes paid   | \$ 50,444         | \$ 53,938         |
| Supplemental disclosure of non-cash investing and financing activities:                     |                   |                   |
| Contribution from noncontrolling interest   | \$ -              | \$ 306            |
| Capital expenditures  | \$ 6,591          | \$ 8,720          |

## CENTENE CORPORATION

### CONTINUING OPERATIONS SUPPLEMENTAL FINANCIAL DATA

|                          | Q4<br>2011              | Q3<br>2011              | Q2<br>2011              | Q1<br>2011              | Q4<br>2010              |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>MEMBERSHIP</b>        |                         |                         |                         |                         |                         |
| Managed Care:            |                         |                         |                         |                         |                         |
| Arizona                  | 23,700                  | 22,800                  | 22,800                  | 22,600                  | 22,400                  |
| Florida                  | 198,300                 | 188,600                 | 190,600                 | 188,800                 | 194,900                 |
| Georgia                  | 298,200                 | 298,000                 | 303,100                 | 303,300                 | 305,800                 |
| Illinois                 | 16,300                  | 13,600                  | 700                     | -                       | -                       |
| Indiana                  | 206,900                 | 205,300                 | 206,700                 | 209,400                 | 215,800                 |
| Kentucky                 | 180,700                 | -                       | -                       | -                       | -                       |
| Massachusetts            | 35,700                  | 34,700                  | 32,900                  | 34,100                  | 36,200                  |
| Mississippi              | 31,600                  | 30,600                  | 30,800                  | -                       | -                       |
| Ohio                     | 159,900                 | 162,200                 | 159,900                 | 160,900                 | 160,100                 |
| South Carolina           | 82,900                  | 86,500                  | 82,800                  | 84,900                  | 90,300                  |
| Texas                    | 503,800                 | 494,500                 | 470,400                 | 456,700                 | 433,100                 |
| Wisconsin                | 78,000                  | 78,900                  | 79,800                  | 81,800                  | 74,900                  |
| Total at-risk membership | <u>1,816,000</u>        | <u>1,615,700</u>        | <u>1,580,500</u>        | <u>1,542,500</u>        | <u>1,533,500</u>        |
| Non-risk membership      | <u>4,900</u>            | <u>10,600</u>           | <u>10,400</u>           | <u>10,400</u>           | <u>4,200</u>            |
| <b>TOTAL</b>             | <u><b>1,820,900</b></u> | <u><b>1,626,300</b></u> | <u><b>1,590,900</b></u> | <u><b>1,552,900</b></u> | <u><b>1,537,700</b></u> |
| Medicaid                 | 1,336,800               | 1,189,900               | 1,172,400               | 1,169,700               | 1,177,100               |
| CHIP & Foster Care       | 213,900                 | 210,600                 | 211,400                 | 208,900                 | 210,500                 |
| ABD & Medicare           | 218,000                 | 171,700                 | 156,300                 | 123,800                 | 104,600                 |
| Hybrid Programs          | 40,500                  | 38,400                  | 35,500                  | 35,200                  | 36,200                  |
| Long-term Care           | 6,800                   | 5,100                   | 4,900                   | 4,900                   | 5,100                   |
| Total at-risk membership | <u>1,816,000</u>        | <u>1,615,700</u>        | <u>1,580,500</u>        | <u>1,542,500</u>        | <u>1,533,500</u>        |
| Non-risk membership      | <u>4,900</u>            | <u>10,600</u>           | <u>10,400</u>           | <u>10,400</u>           | <u>4,200</u>            |
| <b>TOTAL</b>             | <u><b>1,820,900</b></u> | <u><b>1,626,300</b></u> | <u><b>1,590,900</b></u> | <u><b>1,552,900</b></u> | <u><b>1,537,700</b></u> |

Specialty Services(a):

|                             |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Cenpatico Behavioral Health |                |                |                |                |                |
| Arizona                     | 168,900        | 175,500        | 173,200        | 172,700        | 174,600        |
| Kansas                      | 46,200         | 45,600         | 45,000         | 44,000         | 39,200         |
| <b>TOTAL</b>                | <b>215,100</b> | <b>221,100</b> | <b>218,200</b> | <b>216,700</b> | <b>213,800</b> |

(a) Includes external membership only.

**REVENUE PER MEMBER PER MONTH(b)** \$ 261.95 \$ 245.27 \$ 240.57 \$ 238.31 \$ 239.66

**CLAIMS(b)**

|                                 |         |         |         |         |         |
|---------------------------------|---------|---------|---------|---------|---------|
| Period-end inventory            | 495,500 | 482,900 | 415,700 | 527,100 | 434,900 |
| Average inventory               | 367,590 | 312,400 | 332,300 | 347,900 | 304,700 |
| Period-end inventory per member | 0.27    | 0.30    | 0.26    | 0.34    | 0.28    |

(b) Revenue per member and claims information are presented for the Managed Care at-risk members.

**NUMBER OF EMPLOYEES** 5,300 5,000 4,800 4,500 4,200

|                                   | <b>Q4<br/>2011</b> | <b>Q3<br/>2011</b> | <b>Q2<br/>2011</b> | <b>Q1<br/>2011</b> | <b>Q4<br/>2010</b> |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>DAYS IN CLAIMS PAYABLE (c)</b> | 45.3               | 43.6               | 43.4               | 43.4               | 44.7               |

(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    | \$ 1,198.9        | \$ 1,079.3        | \$ 1,061.9        | \$ 1,096.3        | \$ 1,043.0        |
| Unregulated  | 38.2              | 35.9              | 36.5              | 31.7              | 30.9              |
| <b>TOTAL</b> | <b>\$ 1,237.1</b> | <b>\$ 1,115.2</b> | <b>\$ 1,098.4</b> | <b>\$ 1,128.0</b> | <b>\$ 1,073.9</b> |

|  |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|
| <b>DEBT TO CAPITALIZATION</b>                                | 27.3% | 28.0% | 28.1% | 26.9% | 29.3% |
| <b>DEBT TO CAPITALIZATION EXCLUDING NON-RECOURSE DEBT(d)</b> | 22.6% | 23.2% | 23.0% | 21.4% | 23.9% |

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

(d) The non-recourse debt represents our mortgage note payable (\$77.8 million at December 31, 2011).

**MEDICAL COST / GENERAL AND ADMINISTRATIVE EXPENSE RECLASSIFICATION IMPACT (\$ in thousands):**

|                         | <b>Three Months Ended December 31,</b> |              |                      |              | <b>Year Ended December 31,</b> |              |                      |              |
|-------------------------|--|--------------|----------------------|--------------|--------------------------------|--------------|----------------------|--------------|
|                         | <b>2011</b>                            |              | <b>2010</b>          |              | <b>2011</b>                    |              | <b>2010</b>          |              |
|                         | <b>Medical Costs</b>                   | <b>HBR</b>   | <b>Medical Costs</b> | <b>HBR</b>   | <b>Medical Costs</b>           |              |                      |              |
|                         |  |              |                      |              | <b>Costs</b>                   | <b>HBR</b>   | <b>Medical Costs</b> | <b>HBR</b>   |
| Historical              | \$1,206,516                            | 84.0%        | \$922,070            | 83.3%        | \$4,227,916                    | 83.3%        | \$3,514,394          | 83.8%        |
| Reclassification impact | 27,223                                 | 1.9          | 18,865               | 1.7          | 96,830                         | 1.9          | 70,058               | 1.7          |
| Revised                 | <u>\$1,233,739</u>                     | <u>85.9%</u> | <u>\$940,935</u>     | <u>85.0%</u> | <u>\$4,324,746</u>             | <u>85.2%</u> | <u>\$3,584,452</u>   | <u>85.5%</u> |

|                         | <b>Three Months Ended December 31,</b> |                      |                        |                      | <b>Year Ended December 31,</b> |                      |                        |                      |
|-------------------------|--|----------------------|------------------------|----------------------|--------------------------------|----------------------|------------------------|----------------------|
|                         | <b>2011</b>                            |                      | <b>2010</b>            |                      | <b>2011</b>                    |                      | <b>2010</b>            |                      |
|                         | <b>G&amp;A</b>                         |                      |                        |                      |                                |                      |                        |                      |
|                         | <b>G&amp;A Expense</b>                 | <b>G&amp;A Ratio</b> | <b>G&amp;A Expense</b> | <b>G&amp;A Ratio</b> | <b>Expense</b>                 | <b>G&amp;A Ratio</b> | <b>G&amp;A Expense</b> | <b>G&amp;A Ratio</b> |
| Historical              | \$187,160                              | 12.8%                | \$146,751              | 13.0%                | \$683,834                      | 13.2%                | \$547,823              | 12.8%                |
| Reclassification impact | (27,223)                               | (1.8)                | (18,865)               | (1.7)                | (96,830)                       | (1.9)                | (70,058)               | (1.6)                |
| Revised                 | <u>\$159,937</u>                       | <u>11.0%</u>         | <u>\$127,886</u>       | <u>11.3%</u>         | <u>\$587,004</u>               | <u>11.3%</u>         | <u>\$477,765</u>       | <u>11.2%</u>         |

**Operating Ratios:**

|  | Three Months Ended |        | Year Ended   |        |
|--|--------------------|--------|--------------|--------|
|  | December 31,       |        | December 31, |        |
|  | 2011               | 2010   | 2011         | 2010   |
| Health Benefits Ratios:                      |                    |        |              |        |
| Medicaid and CHIP                            | 82.9 %             | 83.7 % | 82.4 %       | 85.0 % |
| ABD and Medicare                             | 88.8               | 89.1   | 89.8         | 87.1   |
| Specialty Services                           | 94.0               | 86.1   | 89.1         | 86.2   |
| Total  | 85.9               | 85.0   | 85.2         | 85.5   |
| Total General & Administrative Expense Ratio | 11.0 %             | 11.3 % | 11.3 %       | 11.2 % |

#### MEDICAL CLAIMS LIABILITY (In thousands)

The changes in medical claims liability are summarized as follows:

|                                   |                          |
|-----------------------------------|--------------------------|
| <b>Balance, December 31, 2010</b> | <b>\$ 456,765</b>        |
| Incurred related to:              |                          |
| Current period                    | 4,390,123                |
| Prior period                      | <u>(65,377)</u>          |
| Total incurred                    | <u>4,324,746</u>         |
| Paid related to:                  |                          |
| Current period                    | 3,788,808                |
| Prior period                      | <u>384,718</u>           |
| Total paid                        | <u>4,173,526</u>         |
| <b>Balance, December 31, 2011</b> | <b>\$ <u>607,985</u></b> |

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" amount 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.

The amount of the "Incurred related to: Prior period" above represents favorable development and includes the effects of reserving under moderately adverse conditions, new markets where we use a conservative approach in setting reserves during the initial periods of operations, receipts from other third party payors related to coordination of benefits and lower medical utilization and cost trends for dates of service prior to December 31, 2010.

SOURCE Centene Corporation

Investor Relations, Edmund E. Kroll, Senior Vice President, Finance & Investor Relations, +1-212-759-0382, or Media, Deanne Lane, Vice President, Media Affairs, +1-314-725-4477