

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-31826

CENTENE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

42-1406317

(I.R.S. Employer
Identification Number)

7700 Forsyth Boulevard

St. Louis, Missouri

(Address of principal executive offices)

63105

(Zip Code)

Registrant's telephone number, including area code: (314) 725-4477

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock \$0.001 Par Value	CNC	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 15, 2022, the registrant had 580,070,624 shares of common stock outstanding.

CENTENE CORPORATION
QUARTERLY REPORT ON FORM 10-Q
TABLE OF CONTENTS

PAGE

Part I
Financial Information

Item 1.	Financial Statements	1
	Consolidated Balance Sheets as of June 30, 2022 (unaudited) and December 31, 2021	1
	Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2022 and 2021 (unaudited)	2
	Consolidated Statements of Comprehensive Earnings (Loss) for the Three and Six Months Ended June 30, 2022 and 2021 (unaudited)	3
	Consolidated Statements of Stockholders' Equity for the Three and Six Months Ended June 30, 2022 and 2021 (unaudited)	4
	Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2022 and 2021 (unaudited)	6
	Notes to the Consolidated Financial Statements (unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	35
Item 4.	Controls and Procedures	35

Part II
Other Information

Item 1.	Legal Proceedings	36
Item 1A.	Risk Factors	36
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	37
Item 6.	Exhibits	38
	Signatures	39

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

All statements, other than statements of current or historical fact, contained in this filing are forward-looking statements. Without limiting the foregoing, forward-looking statements often use words such as "believe," "anticipate," "plan," "expect," "estimate," "intend," "seek," "target," "goal," "may," "will," "would," "could," "should," "can," "continue" and other similar words or expressions (and the negative thereof). Centene Corporation and its subsidiaries (Centene, the Company, our or we) intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with these safe-harbor provisions. In particular, these statements include, without limitation, statements about our future operating or financial performance, market opportunity, value creation strategy, competition, expected activities in connection with completed and future acquisitions and dispositions, including statements about the impact of our recently completed acquisition of Magellan Health, Inc. (the Magellan Acquisition), other recent and future acquisitions and dispositions, our investments and the adequacy of our available cash resources. These statements may be found in the various sections of this filing, such as Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Part II, Item 1. "Legal Proceedings."

These forward-looking statements reflect our current views with respect to future events and are based on numerous assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions, business strategies, operating environments, future developments and other factors we believe appropriate. By their nature, forward-looking statements involve known and unknown risks and uncertainties and are subject to change because they relate to events and depend on circumstances that will occur in the future, including economic, regulatory, competitive and other factors that may cause our or our 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. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions.

All forward-looking statements included in this filing are based on information available to us on the date of this filing. Except as may be otherwise required by law, we undertake no obligation to update or revise the forward-looking statements included in this filing, whether as a result of new information, future events or otherwise, after the date of this filing. You should not place undue reliance on any forward-looking statements, as actual results may differ materially from projections, estimates, or other forward-looking statements due to a variety of important factors, variables and events including, but not limited to:

- our ability to accurately predict and effectively manage health benefits and other operating expenses and reserves, including fluctuations in medical utilization rates due to the ongoing impact of COVID-19;
- the risk that the election of new directors, changes in senior management, and any inability to retain key personnel may create uncertainty or negatively impact our ability to execute quickly and effectively;
- uncertainty as to the expected financial performance of the combined company following the recent completion of the Magellan Acquisition;
- the possibility that the expected synergies and value creation from the Magellan Acquisition or the acquisition of WellCare Health Plans, Inc. (the WellCare Acquisition) or other acquired businesses will not be realized, or will not be realized within the respective expected time periods;
- disruption from the integration of the Magellan Acquisition or the WellCare Acquisition, unexpected costs, or similar risks from other acquisitions or dispositions we may announce or complete from time to time, including potential adverse reactions or changes to business relationships with customers, employees, suppliers or regulators, making it more difficult to maintain business and operational relationships;
- the risk that the closing conditions, including applicable regulatory approvals, for the pending dispositions of Magellan Rx and our Spanish and Central European businesses, may be delayed or not obtained;
- impairments to real estate, investments, goodwill and intangible assets;
- a downgrade of the credit rating of our indebtedness;
- competition;
- membership and revenue declines or unexpected trends;
- changes in healthcare practices, new technologies, and advances in medicine;
- increased healthcare costs;
- changes in economic, political or market conditions;
- changes in federal or state laws or regulations, including changes with respect to income tax reform or government healthcare programs as well as changes with respect to the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act (collectively referred to as the ACA) and any regulations enacted thereunder that may result from changing political conditions, the new administration or judicial actions;

- rate cuts or other payment reductions or delays by governmental payors and other risks and uncertainties affecting our government businesses;
- our ability to adequately price products;
- tax matters;
- disasters or major epidemics;
- changes in expected contract start dates;
- provider, state, federal, foreign and other contract changes and timing of regulatory approval of contracts;
- the expiration, suspension, or termination of our contracts with federal or state governments (including, but not limited to, Medicaid, Medicare, TRICARE or other customers);
- the difficulty of predicting the timing or outcome of legal or regulatory proceedings or matters, including, but not limited to, our ability to resolve claims and/or allegations made by states with regard to past practices, including at Envolve Pharmacy Solutions, Inc. (Envolve), as our pharmacy benefits manager (PBM) subsidiary, within the reserve estimate we recorded in 2021 and on other acceptable terms, or at all, or whether additional claims, reviews or investigations relating to our PBM business will be brought by states, the federal government or shareholder litigants, or government investigations;
- the timing and extent of benefits from strategic value creation initiatives, including the possibility that these initiatives will not be successful, or will not be realized within the expected time periods;
- challenges to our contract awards;
- cyber-attacks or other privacy or data security incidents;
- the exertion of management's time and our resources, and other expenses incurred and business changes required in connection with complying with the undertakings in connection with any regulatory, governmental or third party consents or approvals for acquisitions or dispositions;
- any changes in expected closing dates, estimated purchase price and accretion for acquisitions or dispositions;
- restrictions and limitations in connection with our indebtedness;
- our ability to maintain or achieve improvement in the Centers for Medicare and Medicaid Services (CMS) Star ratings and maintain or achieve improvement in other quality scores in each case that can impact revenue and future growth;
- the availability of debt and equity financing on terms that are favorable to us;
- inflation; and
- foreign currency fluctuations.

This list of important factors is not intended to be exhaustive. We discuss certain of these matters more fully, as well as certain other factors that may affect our business operations, financial condition and results of operations, in our filings with the Securities and Exchange Commission (SEC), including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Due to these important factors and risks, we cannot give assurances with respect to our future performance, including without limitation our ability to maintain adequate premium levels or our ability to control our future medical and selling, general and administrative costs.

Non-GAAP Financial Presentation

The Company is providing certain non-GAAP financial measures in this report, as the Company believes that these figures are helpful in allowing investors to more accurately assess the ongoing nature of the Company's operations and measure the Company's performance more consistently across periods. The Company uses the presented non-GAAP financial measures internally to allow management to focus on period-to-period changes in the Company's core business operations. Therefore, the Company believes that this information is meaningful in addition to the information contained in the GAAP presentation of financial information. The presentation of this additional non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP.

Specifically, the Company believes the presentation of non-GAAP financial information that excludes amortization of acquired intangible assets and acquisition and divestiture related expenses, as well as other items, allows investors to develop a more meaningful understanding of the Company's performance over time. The tables below provide reconciliations of non-GAAP items (\$ in millions, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GAAP net earnings (loss) attributable to Centene	\$ (172)	\$ (535)	\$ 677	\$ 164
Amortization of acquired intangible assets	199	188	398	383
Acquisition and divestiture related expenses	22	40	119	87
Other adjustments ⁽¹⁾	1,445	1,314	1,447	1,416
Income tax effects of adjustments ⁽²⁾	(452)	(270)	(519)	(353)
Adjusted net earnings	<u>\$ 1,042</u>	<u>\$ 737</u>	<u>\$ 2,122</u>	<u>\$ 1,697</u>
GAAP diluted earnings (loss) per share attributable to Centene	\$ (0.29)	\$ (0.92)	\$ 1.15	\$ 0.28
Amortization of acquired intangible assets	0.34	0.33	0.68	0.65
Acquisition and divestiture related expenses	0.04	0.07	0.20	0.15
Other adjustments ⁽¹⁾	2.45	2.23	2.45	2.40
Income tax effects of adjustments ⁽²⁾	(0.77)	(0.46)	(0.88)	(0.60)
Adjusted diluted earnings per share (EPS)	<u>\$ 1.77</u>	<u>\$ 1.25</u>	<u>\$ 3.60</u>	<u>\$ 2.88</u>

⁽¹⁾Other adjustments include the following pre-tax items:

2022:

(a) for the three months ended June 30, 2022: real estate impairments of \$1,454 million, or \$2.46 per share (\$1.80 after-tax), gain on debt extinguishment of \$13 million, or \$0.02 per share, and costs related to the PBM legal settlement of \$4 million, or \$0.01 per share;

(b) for the six months ended June 30, 2022: real estate impairments of \$1,454 million, or \$2.46 per share (\$1.80 after-tax), gain on debt extinguishment of \$13 million, or \$0.02 per share, and costs related to the PBM legal settlement of \$6 million, or \$0.01 per share.

2021:

(a) for the three months ended June 30, 2021: PBM legal settlement expense of \$1,250 million, or \$2.12 per share (\$1.78 after-tax), a reduction to the previously reported gain on divestiture of certain products of our Illinois health plan of \$62 million, or \$0.10 per share, severance costs of \$2 million, or \$0.00 per share, and the \$0.01 per share impact of 8 million diluted shares in the calculation of adjusted diluted EPS;

(b) for the six months ended June 30, 2021: PBM legal settlement expense of \$1,250 million, or \$2.12 per share (\$1.78 after-tax), a reduction to the previously reported gain on divestiture of certain products of our Illinois health plan of \$62 million, or \$0.10 per share, severance costs of \$58 million, or \$0.10 per share, and debt extinguishment costs of \$46 million, or \$0.08 per share.

(2) The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment. The three and six months ended June 30, 2022 also include an \$18 million, or \$0.03 per share, increase to the tax benefit on the previously reported non-cash impairment of our equity method investment in RxAdvance.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GAAP selling, general and administrative expenses	\$ 2,800	\$ 2,139	\$ 5,545	\$ 4,373
Less:				
Acquisition and divestiture related expenses	22	39	121	85
Restructuring costs	—	2	—	58
Costs related to the PBM legal settlement	2	—	4	—
Real estate optimization	4	—	4	—
Adjusted selling, general and administrative expenses	<u>\$ 2,772</u>	<u>\$ 2,098</u>	<u>\$ 5,416</u>	<u>\$ 4,230</u>

Note: Beginning in 2022, we have included a separate line item for depreciation expense on the Consolidated Statements of Operations, which was previously included in selling, general and administrative (SG&A) expenses. Prior period SG&A expenses have been conformed to the current presentation.

**PART I
FINANCIAL INFORMATION**

Item 1. Financial Statements.

**CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except shares in thousands and per share data in dollars)**

	June 30, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,435	\$ 13,118
Premium and trade receivables	14,153	12,238
Short-term investments	1,794	1,539
Other current assets	3,024	1,602
Total current assets	32,406	28,497
Long-term investments	13,671	14,043
Restricted deposits	1,225	1,068
Property, software and equipment, net	2,557	3,391
Goodwill	20,310	19,771
Intangible assets, net	7,671	7,824
Other long-term assets	3,220	3,781
Total assets	<u>\$ 81,060</u>	<u>\$ 78,375</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Medical claims liability	\$ 16,581	\$ 14,243
Accounts payable and accrued expenses	9,303	8,493
Return of premium payable	2,379	2,328
Unearned revenue	523	434
Current portion of long-term debt	300	267
Total current liabilities	29,086	25,765
Long-term debt	18,456	18,571
Deferred tax liability	746	1,407
Other long-term liabilities	6,209	5,610
Total liabilities	54,497	51,353
Commitments and contingencies		
Redeemable noncontrolling interests	133	82
Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized 10,000 shares; no shares issued or outstanding at June 30, 2022 and December 31, 2021	—	—
Common stock, \$0.001 par value; authorized 800,000 shares; 606,444 issued and 581,124 outstanding at June 30, 2022, and 602,704 issued and 582,479 outstanding at December 31, 2021	1	1
Additional paid-in capital	19,899	19,672
Accumulated other comprehensive earnings (loss)	(913)	77
Retained earnings	8,816	8,139
Treasury stock, at cost (25,320 and 20,225 shares, respectively)	(1,514)	(1,094)
Total Centene stockholders' equity	26,289	26,795
Nonredeemable noncontrolling interest	141	145
Total stockholders' equity	26,430	26,940
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 81,060</u>	<u>\$ 78,375</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except shares in thousands and per share data in dollars)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Premium	\$ 31,510	\$ 27,627	\$ 63,399	\$ 54,560
Service	2,458	1,235	4,801	2,416
Premium and service revenues	33,968	28,862	68,200	56,976
Premium tax	1,968	2,163	4,921	4,032
Total revenues	35,936	31,025	73,121	61,008
Expenses:				
Medical costs	27,312	24,389	55,150	47,780
Cost of services	2,099	1,107	4,087	2,155
Selling, general and administrative expenses	2,800	2,139	5,545	4,373
Depreciation expense	164	134	320	267
Amortization of acquired intangible assets	199	188	398	383
Premium tax expense	2,041	2,236	5,047	4,164
Impairment	1,450	—	1,450	—
Legal settlement	—	1,250	—	1,250
Total operating expenses	36,065	31,443	71,997	60,372
Earnings (loss) from operations	(129)	(418)	1,124	636
Other income (expense):				
Investment and other income	42	39	94	142
Debt extinguishment	13	—	16	(46)
Interest expense	(162)	(163)	(322)	(333)
Earnings (loss) before income tax	(236)	(542)	912	399
Income tax expense (benefit)	(65)	(7)	231	237
Net earnings (loss)	(171)	(535)	681	162
(Earnings) loss attributable to noncontrolling interests	(1)	—	(4)	2
Net earnings (loss) attributable to Centene Corporation	\$ (172)	\$ (535)	\$ 677	\$ 164
Net earnings (loss) per common share attributable to Centene Corporation:				
Basic earnings (loss) per common share	\$ (0.29)	\$ (0.92)	\$ 1.16	\$ 0.28
Diluted earnings (loss) per common share	\$ (0.29)	\$ (0.92)	\$ 1.15	\$ 0.28
Weighted average number of common shares outstanding:				
Basic	583,644	582,804	583,435	582,331
Diluted	583,644	582,804	590,226	589,799

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(In millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net earnings (loss)	\$ (171)	\$ (535)	\$ 681	\$ 162
Reclassification adjustment, net of tax	7	(15)	9	(17)
Change in unrealized gain (loss) on investments, net of tax	(340)	76	(884)	(78)
Foreign currency translation adjustments	(95)	2	(115)	(3)
Other comprehensive earnings (loss)	(428)	63	(990)	(98)
Comprehensive earnings (loss)	(599)	(472)	(309)	64
Comprehensive (earnings) loss attributable to noncontrolling interests	(1)	—	(4)	2
Comprehensive earnings (loss) attributable to Centene Corporation	\$ (600)	\$ (472)	\$ (313)	\$ 66

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions, except shares in thousands and per share data in dollars)
(Unaudited)
Three and Six Months Ended June 30, 2022

	Centene Stockholders' Equity										
	Common Stock			Accumulated Other Comprehensive Earnings (Loss)			Retained Earnings		Treasury Stock		Non-redeemable Non-controlling Interest
	\$0.001 Par Value Shares	Amt	Additional Paid-in Capital	Retained Earnings	Retained Earnings	\$0.001 Par Value Shares	Amt	Non-redeemable Non-controlling Interest	Total		
Balance, December 31, 2021	602,704	\$ 1	\$ 19,672	\$ 77	\$ 8,139	20,225	\$ (1,094)	\$ 145	\$ 26,940		
Comprehensive Earnings:											
Net earnings (loss)	—	—	—	—	849	—	—	(1)	848		
Other comprehensive loss, net of \$(171) tax	—	—	—	(562)	—	—	—	—	(562)		
Common stock issued for employee benefit plans	3,221	—	28	—	—	—	—	—	28		
Fair value of unvested equity awards in connection with acquisition	—	—	60	—	—	—	—	—	60		
Common stock repurchases	—	—	—	—	—	846	(71)	—	(71)		
Stock compensation expense	—	—	70	—	—	—	—	—	70		
Balance, March 31, 2022	605,925	\$ 1	\$ 19,830	\$ (485)	\$ 8,988	21,071	\$ (1,165)	\$ 144	\$ 27,313		
Comprehensive Earnings:											
Net earnings (loss)	—	—	—	—	(172)	—	—	(3)	(175)		
Other comprehensive loss, net of \$(106) tax	—	—	—	(428)	—	—	—	—	(428)		
Common stock issued for employee benefit plans	519	—	10	—	—	—	—	—	10		
Common stock repurchases	—	—	—	—	—	4,249	(349)	—	(349)		
Stock compensation expense	—	—	59	—	—	—	—	—	59		
Balance, June 30, 2022	606,444	\$ 1	\$ 19,899	\$ (913)	\$ 8,816	25,320	\$ (1,514)	\$ 141	\$ 26,430		

Three and Six Months Ended June 30, 2021

	Centene Stockholders' Equity									
	Common Stock			Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock		Non-redeemable Non- controlling Interest	Total	
	\$0.001 Par Value Shares	Amt	Additional Paid-in Capital			\$0.001 Par Value Shares	Amt			
Balance, December 31, 2020	598,249	\$ 1	\$ 19,459	\$ 337	\$ 6,792	16,770	\$ (816)	\$ 112	\$ 25,885	
Comprehensive Earnings:										
Net earnings (loss)	—	—	—	—	699	—	—	(5)	694	
Other comprehensive loss, net of \$(49) tax	—	—	—	(161)	—	—	—	—	(161)	
Common stock issued for employee benefit plans	1,675	—	9	—	—	—	—	—	9	
Common stock repurchases	(316)	—	(19)	—	—	156	(10)	—	(29)	
Stock compensation expense	—	—	51	—	—	—	—	—	51	
Contribution from noncontrolling interest	—	—	—	—	—	—	—	9	9	
Balance, March 31, 2021	599,608	\$ 1	\$ 19,500	\$ 176	\$ 7,491	16,926	\$ (826)	\$ 116	\$ 26,458	
Comprehensive Earnings:										
Net earnings (loss)	—	—	—	—	(535)	—	—	(3)	(538)	
Other comprehensive earnings, net of \$ 19 tax	—	—	—	63	—	—	—	—	63	
Common stock issued for employee benefit plans	390	—	9	—	—	—	—	—	9	
Common stock repurchases	(10)	—	—	—	—	60	(4)	—	(4)	
Stock compensation expense	—	—	36	—	—	—	—	—	36	
Contribution from noncontrolling interest	—	—	—	—	—	—	—	21	21	
Balance, June 30, 2021	599,988	\$ 1	\$ 19,545	\$ 239	\$ 6,956	16,986	\$ (830)	\$ 134	\$ 26,045	

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions, unaudited)

	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net earnings	\$ 681	\$ 162
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	787	717
Stock compensation expense	129	87
Impairment	1,450	—
(Gain) loss on debt extinguishment	(16)	46
Gain on acquisition	(2)	—
Deferred income taxes	(417)	(76)
Gain on divestiture	—	62
Other adjustments, net	162	14
Changes in assets and liabilities		
Premium and trade receivables	(1,288)	(1,514)
Other assets	(245)	(458)
Medical claims liabilities	2,089	325
Unearned revenue	75	(83)
Accounts payable and accrued expenses	41	1,285
Other long-term liabilities	1,058	1,161
Other operating activities, net	1	—
Net cash provided by operating activities	<u>4,505</u>	<u>1,728</u>
Cash flows from investing activities:		
Capital expenditures	(524)	(437)
Purchases of investments	(3,114)	(3,590)
Sales and maturities of investments	2,005	2,809
Acquisitions, net of cash acquired	(1,512)	(140)
Divestiture proceeds, net of divested cash	—	(62)
Net cash used in investing activities	<u>(3,145)</u>	<u>(1,420)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	331	2,398
Payments of long-term debt	(900)	(2,353)
Common stock repurchases	(420)	(33)
Payments for debt extinguishment	(27)	(54)
Debt issuance costs	—	(28)
Other financing activities, net	32	24
Net cash used in financing activities	<u>(984)</u>	<u>(46)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(9)	(24)
Net increase in cash, cash equivalents and restricted cash and cash equivalents	<u>367</u>	<u>238</u>
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of period	<u>13,214</u>	<u>10,957</u>
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	<u>\$ 13,581</u>	<u>\$ 11,195</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 327	\$ 355
Income taxes paid	\$ 411	\$ 406

The following table provides a reconciliation of cash, cash equivalents, and restricted cash and cash equivalents reported within the Consolidated Balance Sheets to the totals above:

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 13,435	\$ 11,018
Restricted cash and cash equivalents, included in restricted deposits	146	177
Total cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ 13,581</u>	<u>\$ 11,195</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Operations

Basis of Presentation

The accompanying interim financial statements have been prepared under the presumption that users of the interim financial information have either read or have access to the audited financial statements included in the Form 10-K for the fiscal year ended December 31, 2021. The unaudited interim financial statements herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, footnote disclosures that would substantially duplicate the disclosures contained in the December 31, 2021 audited financial statements have been omitted from these interim financial statements, where appropriate. In the opinion of management, these financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the results of the interim periods presented.

Certain 2021 amounts in the consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the 2022 presentation. Beginning in 2022, the Company has included a separate line item for depreciation expense on the Consolidated Statement of Operations, which was previously included in selling, general and administrative (SG&A) expenses. Prior period SG&A expense ratios have also been conformed to the current presentation. These reclassifications have no effect on net earnings or stockholders' equity as previously reported.

On January 4, 2022, the Company acquired all of the issued and outstanding shares of Magellan Health, Inc. (Magellan) (the Magellan Acquisition). The acquisition was accounted for as a business combination. See Note 2. *Acquisitions and Divestitures* for further details.

Accounting Guidance Not Yet Adopted

The Company has determined that there are no recently issued accounting pronouncements that will have a material impact on its consolidated financial position, results of operations, or cash flows.

2. Acquisitions and Divestitures

Magellan Acquisition

On January 4, 2022, the Company acquired all of the issued and outstanding shares of Magellan. Total consideration for the acquisition was \$2,561 million, consisting of \$2,501 million in cash and \$60 million related to the fair value of replacement equity awards associated with pre-combination service. The Company recognized \$7 million and \$92 million of acquisition related expenses related to Magellan, that were in the Consolidated Statement of Operations for the three and six months ended June 30, 2022.

The Magellan Acquisition was accounted for as a business combination using the acquisition method of accounting that requires assets acquired and liabilities assumed to be recognized at fair value as of the acquisition date. The assessment of fair value on all assets acquired and liabilities assumed is preliminary and, accordingly, the Company has recorded provisional amounts which are subject to adjustment. Measurement period adjustments will be recorded in the period in which they are determined, as if they had been completed at the acquisition date.

The Company's preliminary allocation of the fair value of assets acquired and liabilities assumed as of the acquisition date of January 4, 2022 is as follows (\$ in millions):

Assets acquired and liabilities assumed	
Cash and cash equivalents	\$ 997
Premium and related receivables	855
Short-term investments	144
Other current assets	225
Long-term investments	43
Restricted deposits	7
Property, software and equipment	90
Intangible assets ^(a)	600
Other long-term assets	50
Total assets acquired	3,011
Medical claims liability	249
Accounts payable and accrued expenses	495
Return of premium payable	75
Unearned revenue	8
Current portion of long-term debt	5
Long-term debt ^(b)	542
Deferred tax liabilities ^(c)	81
Other long-term liabilities	68
Total liabilities assumed	1,523
Mezzanine equity	32
Total identifiable net assets	1,456
Goodwill ^(d)	1,105
Total assets acquired and liabilities assumed	\$ 2,561

The Company has made the following preliminary fair value adjustments based on information reviewed through June 30, 2022. Significant fair value adjustments are noted as follows:

^(a) The identifiable intangible assets acquired are to be measured at fair value as of the completion of the acquisition. The fair value of intangible assets will be determined primarily using variations of the income approach, which is based on the present value of the future after tax cash flows attributable to each identified intangible asset. Other valuation methods, including the market approach and cost approach, will be considered in estimating the fair value. The identifiable intangible assets include purchased contract rights, trade names, provider contracts and developed technologies. The Company has estimated the preliminary fair value of intangible assets to be \$600 million with a weighted average life of 12 years.

The preliminary fair values and weighted average useful lives for identifiable intangible assets acquired are as follows:

	<u>Fair Value</u>	<u>Weighted Average Useful Life (in years)</u>
Purchased contract rights	\$ 400	
Provider contracts	100	
Trade names	50	
Developed technologies	50	
Total intangible assets acquired	\$ 600	12

^(b) Debt is required to be measured at fair value under the acquisition method of accounting. The fair value of Magellan's Senior Notes and Credit Agreement assumed in the acquisition was \$535 million. In January 2022, the Company paid off Magellan's debt acquired in the transaction using Magellan's cash on hand.

^(c) The preliminary deferred tax liabilities are presented net of \$115 million of deferred tax assets.

^(d) Goodwill is estimated at \$1,105 million and primarily relates to synergies expected from the acquisition and the assembled workforce of Magellan. The assignment of goodwill to the Company's respective segments has not been completed at this time, but the majority of goodwill is expected to be allocated to the Specialty segment. The majority of the goodwill is not deductible for income tax purposes.

PANTHERx Rare Divestiture

On May 5, 2022, the Company signed a definitive agreement to sell PANTHERx Rare (PANTHERx), which is included in the Specialty Services segment. As of June 30, 2022, the assets and liabilities of PANTHERx were considered held for sale resulting in \$1,274 million of assets held for sale in Other Current Assets and \$318 million of liabilities held for sale in Accounts Payable and Accrued Expenses on the Consolidated Balance Sheet. The majority of the held for sale assets were previously reported as goodwill and intangible assets. On July 14, 2022, the Company completed the previously announced sale of PANTHERx for approximately \$1,400 million. The Company estimates that it will recognize an after-tax gain of approximately \$400 million, subject to purchase price adjustments.

Spanish and Central European Divestiture

On July 25, 2022, as part of the Company's previously announced review of strategic alternatives for its international portfolio, the Company announced it has signed a definitive agreement to sell its ownership stakes in its Spanish and Central European businesses, including Ribera Salud, Torrejón Salud, and Pro Diagnostics Group. The Company estimates it will recognize an after-tax loss of approximately \$125 million to \$150 million, which will fluctuate with changes in the foreign currency exchange rate and the carrying value of the businesses. The pending divestiture is subject to regulatory approvals and satisfaction of customary closing conditions.

3. Short-term and Long-term Investments, Restricted Deposits

Short-term and long-term investments and restricted deposits by investment type consist of the following (\$ in millions):

	June 30, 2022				December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities:								
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 719	\$ —	\$ (13)	\$ 706	\$ 642	\$ —	\$ (2)	\$ 640
Corporate securities	8,995	4	(627)	8,372	8,145	130	(75)	8,200
Restricted certificates of deposit	4	—	—	4	4	—	—	4
Restricted cash equivalents	146	—	—	146	96	—	—	96
Short-term time deposits	88	—	—	88	109	—	—	109
Municipal securities	3,724	5	(200)	3,529	3,398	85	(15)	3,468
Asset-backed securities	1,323	—	(53)	1,270	1,308	5	(5)	1,308
Residential mortgage-backed securities	994	2	(80)	916	850	10	(7)	853
Commercial mortgage-backed securities	921	—	(68)	853	870	13	(10)	873
Equity securities ⁽¹⁾	70	—	—	70	326	—	—	326
Private equity investments	563	—	—	563	587	—	—	587
Life insurance contracts	173	—	—	173	186	—	—	186
Total	<u>\$ 17,720</u>	<u>\$ 11</u>	<u>\$ (1,041)</u>	<u>\$ 16,690</u>	<u>\$ 16,521</u>	<u>\$ 243</u>	<u>\$ (114)</u>	<u>\$ 16,650</u>

⁽¹⁾ Investments in equity securities primarily consist of exchange traded funds in fixed income securities.

The Company's investments are debt securities classified as available-for-sale with the exception of equity securities, certain private equity investments and life insurance contracts. The Company's investment policies are designed to provide liquidity, preserve capital and maximize total return on invested assets with the focus on high credit quality securities. The Company limits the size of investment in any single issuer other than U.S. treasury securities and obligations of U.S. government corporations and agencies. As of June 30, 2022, 98% of the Company's investments in rated securities carry an investment grade rating by nationally recognized statistical rating organizations. At June 30, 2022, the Company held certificates of deposit, equity securities, private equity investments and life insurance contracts, which did not carry a credit rating. Accrued interest income on available-for-sale debt securities was \$107 million and \$96 million at June 30, 2022 and December 31, 2021, respectively, and is included in other current assets on the Consolidated Balance Sheets.

The Company's residential mortgage-backed securities are primarily issued by the Federal National Mortgage Association, Government National Mortgage Association or Federal Home Loan Mortgage Corporation, which carry implicit or explicit guarantees of the U.S. government. The Company's commercial mortgage-backed securities are primarily senior tranches with a weighted average rating of AAA and a weighted average duration of 4 years at June 30, 2022.

The fair value of available-for-sale debt securities with gross unrealized losses by investment type and length of time that individual securities have been in a continuous unrealized loss position were as follows (\$ in millions):

	June 30, 2022				December 31, 2021			
	Less Than 12 Months		12 Months or More		Less Than 12 Months		12 Months or More	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ (11)	\$ 643	\$ (2)	\$ 43	\$ (2)	\$ 598	\$ —	\$ 3
Corporate securities	(486)	6,673	(141)	993	(66)	4,209	(9)	209
Municipal securities	(186)	2,735	(14)	139	(14)	1,173	(1)	39
Asset-backed securities	(49)	1,141	(4)	88	(5)	770	—	33
Residential mortgage-backed securities	(54)	635	(26)	177	(7)	472	—	15
Commercial mortgage-backed securities	(47)	712	(21)	132	(8)	380	(2)	32
Total	\$ (833)	\$ 12,539	\$ (208)	\$ 1,572	\$ (102)	\$ 7,602	\$ (12)	\$ 331

As of June 30, 2022, the gross unrealized losses were generated from 5,998 positions out of a total of 6,773 positions. The change in fair value of available-for-sale debt securities is primarily a result of movement in interest rates subsequent to the purchase of the security.

For each security in an unrealized loss position, the Company assesses whether it intends to sell the security or if it is more likely than not the Company will be required to sell the security before recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If the security meets this criterion, the decline in fair value is recorded in earnings. The Company does not intend to sell these securities prior to maturity and it is not likely that the Company will be required to sell these securities prior to maturity; therefore, the Company did not record an impairment for these securities.

In addition, the Company monitors available-for-sale debt securities for credit losses. Certain investments have experienced a decline in fair value due to changes in credit quality, market interest rates and/or general economic conditions. The Company recognizes an allowance when evidence demonstrates that the decline in fair value is credit related. Evidence of a credit related loss may include rating agency actions, adverse conditions specifically related to the security, or failure of the issuer of the security to make scheduled payments.

The contractual maturities of short-term and long-term debt securities and restricted deposits are as follows (\$ in millions):

	June 30, 2022				December 31, 2021			
	Investments		Restricted Deposits		Investments		Restricted Deposits	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	\$ 1,646	\$ 1,632	\$ 490	\$ 488	\$ 1,390	\$ 1,396	\$ 368	\$ 368
One year through five years	6,713	6,374	543	518	6,212	6,294	460	457
Five years through ten years	3,941	3,521	243	218	3,647	3,681	244	243
Greater than ten years	99	93	1	1	73	78	—	—
Asset-backed securities	3,238	3,039	—	—	3,028	3,034	—	—
Total	\$ 15,637	\$ 14,659	\$ 1,277	\$ 1,225	\$ 14,350	\$ 14,483	\$ 1,072	\$ 1,068

Actual maturities may differ from contractual maturities due to call or prepayment options. Equity securities, private equity investments and life insurance contracts are excluded from the table above because they do not have a contractual maturity. The Company has an option to redeem at amortized cost substantially all of the securities included in the greater than ten years category listed above.

4. Fair Value Measurements

Assets and liabilities recorded at fair value in the Consolidated Balance Sheets are categorized based upon observable or unobservable inputs used to estimate fair value. Level inputs are as follows:

Level Input:	Input Definition:
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table summarizes fair value measurements by level at June 30, 2022, for assets and liabilities measured at fair value on a recurring basis (\$ in millions):

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 13,435	\$ —	\$ —	\$ 13,435
Investments:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 239	\$ —	\$ —	\$ 239
Corporate securities	—	8,341	—	8,341
Municipal securities	—	2,952	—	2,952
Short-term time deposits	—	88	—	88
Asset-backed securities	—	1,270	—	1,270
Residential mortgage-backed securities	—	916	—	916
Commercial mortgage-backed securities	—	853	—	853
Equity securities	68	2	—	70
Total investments	\$ 307	\$ 14,422	\$ —	\$ 14,729
Restricted deposits:				
Cash and cash equivalents	\$ 146	\$ —	\$ —	\$ 146
Certificates of deposit	—	4	—	4
Corporate securities	—	31	—	31
Municipal securities	—	577	—	577
U.S. Treasury securities and obligations of U.S. government corporations and agencies	467	—	—	467
Total restricted deposits	\$ 613	\$ 612	\$ —	\$ 1,225
Total assets at fair value	\$ 14,355	\$ 15,034	\$ —	\$ 29,389

The following table summarizes fair value measurements by level at December 31, 2021, for assets and liabilities measured at fair value on a recurring basis (\$ in millions):

	Level I	Level II	Level III	Total
Assets				
Cash and cash equivalents	\$ 13,118	\$ —	\$ —	\$ 13,118
Investments:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 171	\$ —	\$ —	\$ 171
Corporate securities	—	8,170	—	8,170
Municipal securities	—	2,999	—	2,999
Short-term time deposits	—	109	—	109
Asset backed securities	—	1,308	—	1,308
Residential mortgage backed securities	—	853	—	853
Commercial mortgage backed securities	—	873	—	873
Equity securities	324	2	—	326
Total investments	\$ 495	\$ 14,314	\$ —	\$ 14,809
Restricted deposits:				
Cash and cash equivalents	\$ 96	\$ —	\$ —	\$ 96
Certificates of deposit	—	4	—	4
Corporate securities	—	30	—	30
Municipal securities	—	469	—	469
U.S. Treasury securities and obligations of U.S. government corporations and agencies	469	—	—	469
Total restricted deposits	\$ 565	\$ 503	\$ —	\$ 1,068
Other long-term assets:				
Interest rate swap agreements	\$ —	\$ 15	\$ —	\$ 15
Total assets at fair value	\$ 14,178	\$ 14,832	\$ —	\$ 29,010

The Company utilizes matrix-pricing services to estimate fair value for securities which are not actively traded on the measurement date. The Company designates these securities as Level II fair value measurements. In addition, the aggregate carrying amount of the Company's private equity investments and life insurance contracts, which approximates fair value, was \$736 million and \$773 million as of June 30, 2022 and December 31, 2021, respectively.

5. Property, Software and Equipment

Property, software and equipment consist of the following (\$ in millions):

	June 30, 2022	December 31, 2021
Computer software	\$ 2,095	\$ 1,825
Building	663	1,116
Furniture and office equipment	550	753
Leasehold improvements	468	732
Computer hardware	642	617
Land	192	248
Property, software and equipment, at cost	4,610	5,291
Less: accumulated depreciation	(2,053)	(1,900)
Property, software and equipment, net	\$ 2,557	\$ 3,391

During the second quarter of 2022, in connection with the adoption of a more modern, flexible work environment, the Company undertook a real estate optimization initiative to evaluate future real estate needs and downsize its real estate footprint for owned and leased properties. As a result of this evaluation, during the second quarter of 2022, the Company substantially changed the use or abandoned various properties and assessed for impairment. The Company engaged a third-party real estate specialist to determine the fair value of its owned properties. The valuation primarily considered comparable properties in each market as well as future cash flows. As a result of the impairment analysis, the Company recognized a \$706 million charge related to the impairment of owned real estate and related fixed assets, and \$223 million associated with the impairment of fixed assets related to leased real estate. These impairments are primarily related to the Managed Care segment. The remainder of the \$1,450 million charge relates to right-of-use (ROU) asset impairments, which is included within Other Long-term assets on the balance sheet, refer to *Note 9. Leases*.

6. Medical Claims Liability

The following table summarizes the change in medical claims liability (\$ in millions):

	Six Months Ended June 30,	
	2022	2021
Balance, January 1	\$ 14,243	\$ 12,438
Less: Reinsurance recoverable	23	23
Balance, January 1, net	14,220	12,415
Acquisitions and divestitures	249	—
Incurred related to:		
Current year	56,179	49,147
Prior years	(1,029)	(1,367)
Total incurred	55,150	47,780
Paid related to:		
Current year	42,886	38,618
Prior years	10,161	8,837
Total paid	53,047	47,455
Balance, June 30, net	16,572	12,740
Plus: Reinsurance recoverable	9	23
Balance, June 30	\$ 16,581	\$ 12,763

Reinsurance recoverables related to medical claims are included in premium and trade receivables. Changes in estimates of incurred claims for prior years are primarily attributable to reserving under moderately adverse conditions. The impact from COVID-19 on healthcare utilization and medical claims submission patterns continues to provide increased estimation uncertainty on the incurred but not reported liability. Additionally, as a result of minimum health benefits ratio (HBR) and other return of premium programs, the Company recorded \$48 million and \$350 million as a reduction to premium revenue in the six months ended June 30, 2022 and 2021, respectively.

Incurred but not reported (IBNR) plus expected development on reported claims as of June 30, 2022 was \$10,752 million. Total IBNR plus expected development on reported claims represents estimates for claims incurred but not reported, development on reported claims, and estimates for the costs necessary to process unpaid claims at the end of each period. The Company estimates its liability using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services and other relevant factors.

7. Affordable Care Act

The Affordable Care Act established risk spreading premium stabilization programs as well as a minimum annual medical loss ratio (MLR) and cost sharing reductions.

The Company's net receivables (payables) for each of the programs are as follows (\$ in millions):

	June 30, 2022	December 31, 2021
Risk adjustment receivable	\$ 1,096	\$ 522
Risk adjustment payable	(805)	(536)
Minimum medical loss ratio	(255)	(196)
Cost sharing reduction receivable	19	69
Cost sharing reduction payable	(71)	(42)

In June 2022, the Centers for Medicare and Medicaid Services (CMS) announced the final risk adjustment transfers for the 2021 benefit year. As a result of the announcement, the Company increased its risk adjustment net receivables by \$403 million from December 31, 2021. After consideration of minimum MLR and other related impacts, the net pre-tax benefit recognized was approximately \$368 million for the six months ended June 30, 2022.

8. Debt

Debt consists of the following (\$ in millions):

	June 30, 2022	December 31, 2021
\$2,500 million 4.25% Senior Notes due December 15, 2027	\$ 2,486	\$ 2,484
\$2,300 million 2.45% Senior Notes due July 15, 2028	2,304	2,304
\$3,500 million 4.625% Senior Notes due December 15, 2029	3,500	3,500
\$2,000 million 3.375% Senior Notes due February 15, 2030	2,000	2,000
\$2,200 million 3.00% Senior Notes due October 15, 2030	2,200	2,200
\$2,200 million 2.50% Senior Notes due March 1, 2031	2,200	2,200
\$1,300 million 2.625% Senior Notes due August 1, 2031	1,300	1,300
Total senior notes	<u>15,990</u>	<u>15,988</u>
Term loan facility	2,196	2,195
Revolving credit agreement	129	149
Construction loan payable	181	184
Finance leases and other	421	493
Debt issuance costs	(161)	(171)
Total debt	<u>18,756</u>	<u>18,838</u>
Less current portion	(300)	(267)
Long-term debt	<u>\$ 18,456</u>	<u>\$ 18,571</u>

Of the Company's total debt, approximately 15% is variable rate debt tied to London Interbank Offered Rate (LIBOR). The debt agreements that may be impacted by the discontinuation of LIBOR include provisions that the Company believes are sufficient to transition from the existing LIBOR rates to the prevailing successor market rates as necessary.

Senior Notes

In connection with the Magellan Acquisition in January 2022, the Company redeemed Magellan's existing outstanding 4.4% Senior Notes due 2024 and paid off the existing Credit Agreement using Magellan's cash on hand. The Company recognized an immaterial net pre-tax gain on extinguishment including related fees and expenses and the write-off of the unamortized premium.

Foreign Currency Swap

In order to manage the foreign exchange risk associated with an intercompany note receivable related to the Circle Health acquisition, the Company entered into a foreign currency swap agreement for a notional amount of \$705 million, to purchase £509 million. The swap agreement was formally designated and qualified as a fair value hedge. All gains and losses due to changes in the fair value of the foreign currency swap completely offset changes in the remeasurement of the intercompany note receivable within investment and other income in the Consolidated Statement of Operations, resulting in no net impact to the Consolidated Statement of Operations.

On March 31, 2022, the foreign currency swap settled in connection with its expiration, and the Company received cash proceeds of \$5 million. The Company does not hold or issue any derivative instruments for trading or speculative purposes.

Circle Health Debt Refinancing

In May 2022, the Company refinanced certain debt agreements for its Circle Health subsidiary with a new £250 million credit facility maturing in May 2025. The Company recognized a \$13 million pre-tax gain on the extinguishment of the existing debt. As of June 30, 2022, £180 million was drawn on the facility, which is included within Finance leases and other in the table above. The new facility is guaranteed by the Company and has similar borrowing rates and covenants to the Company's Revolving Credit Agreement.

Construction Loan

In October 2017, the Company executed a \$200 million non-recourse construction loan to fund the expansion of the Company's corporate headquarters. Until final completion of the construction project, which occurred in July 2021, the loan bore interest based on one month LIBOR plus 2.70%, which reduced to LIBOR plus 2.00% at the time construction was completed. The agreement contains financial and non-financial covenants similar to those contained in the Company Credit Facility. The Company guaranteed completion of the construction project associated with the loan. As of June 30, 2022, the Company had \$181 million in borrowings outstanding under the loan, which is included in the current portion of long-term debt.

In April 2022, the Company extended the term of the loan for an additional one year. The extension reduced interest on the loan to the Secured Overnight Financing Rate (SOFR) plus 1.85% and matures in April 2023.

Debt Repurchase Program

In June 2022, the Company's Board of Directors authorized a new \$1,000 million debt repurchase program in preparation for future debt reductions as part of the Company's strategic value creation initiatives. There was \$1,000 million available under the program as of June 30, 2022.

9. Leases

The following table sets forth the ROU assets and lease liabilities (\$ in millions):

	June 30, 2022	December 31, 2021
<u>Assets</u>		
ROU assets (recorded within other long-term assets)	\$ 2,720	\$ 3,566
<u>Liabilities</u>		
Short-term (recorded within accounts payable and accrued expenses)	\$ 204	\$ 204
Long-term (recorded within other long-term liabilities)	3,268	3,619
Total lease liabilities	\$ 3,472	\$ 3,823

As part of the real estate optimization initiative as described in *Note 5. Property, Software and Equipment*, the Company vacated and abandoned various domestic leased properties. As a result, the Company assessed the ROU assets for impairment. The Company engaged a third-party real estate specialist to determine the recoverability of the leased properties. The valuation primarily considered comparable leased properties in each market and the assessment of potential future rental income that could be generated by the ROU assets. As a result of the Company's impairment analysis, the Company recognized \$521 million of ROU asset impairments in the second quarter of 2022, primarily related to the Managed Care segment. The remainder of the \$1,450 million charge was recorded within Property, Software and Equipment, refer to *Note 5. Property, Software and Equipment*.

As of June 30, 2022, the weighted average remaining lease term for the Company was 20.1 years. The lease liabilities as of June 30, 2022 reflect a weighted average discount rate of 5.7%.

10. Stockholders' Equity

During the quarter ended June 30, 2022, the Company repurchased 4.2 million shares of Centene common stock for \$344 million through the Company's stock repurchase program. The Company made \$106 million in additional purchases under the program in July 2022.

In June 2022, the Company's Board of Directors authorized an additional \$3,000 million to the Company's existing stock repurchase program for its common stock, for a total \$4,000 million, in preparation for closing of the MagellanRx and PANTHERx divestitures as well as planning for the future. As of June 30, 2022, the Company had a remaining amount of \$3,456 million available under the program. The remaining common stock repurchases during the quarter relate to the purchase of shares to satisfy tax withholding requirements in connection with employee equity awards.

11. Earnings Per Share

The following table sets forth the calculation of basic and diluted net earnings (loss) per common share (\$ in millions, except per share data in dollars and shares in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Earnings (loss) attributable to Centene Corporation	\$ (172)	\$ (535)	\$ 677	\$ 164
Shares used in computing per share amounts:				
Weighted average number of common shares outstanding	583,644	582,804	583,435	582,331
Common stock equivalents (as determined by applying the treasury stock method)	—	—	6,791	7,468
Weighted average number of common shares and potential dilutive common shares outstanding	583,644	582,804	590,226	589,799
Net earnings (loss) per common share attributable to Centene Corporation:				
Basic earnings (loss) per common share	\$ (0.29)	\$ (0.92)	\$ 1.16	\$ 0.28
Diluted earnings (loss) per common share	\$ (0.29)	\$ (0.92)	\$ 1.15	\$ 0.28

The calculation of diluted loss per common share for the three months ended June 30, 2022 and 2021 excludes 6 million shares and 8 million shares, respectively, related to stock options, restricted stock and restricted stock units as their effect would have been anti-dilutive due to the net loss for the quarter.

The calculation of diluted earnings per common share for the six months ended June 30, 2022 and 2021 excludes the impact of 26 thousand shares and 32 thousand shares, respectively, related to anti-dilutive stock options, restricted stock and restricted stock units.

12. Segment Information

Centene operates in two segments: Managed Care and Specialty Services. The Managed Care segment consists of Centene's health plans, including all of the functions needed to operate them. The Specialty Services segment consists of Centene's specialty companies offering auxiliary healthcare services and products. Factors used in determining the reportable business segments include the nature of operating activities, the existence of separate senior management teams, and the type of information presented to the Company's chief operating decision-maker to evaluate all results of operations.

Segment information for the three months ended June 30, 2022, is as follows (\$ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	\$ 33,187	\$ 2,749	\$ —	\$ 35,936
Total revenues from internal customers	2	3,226	(3,228)	—
Total revenues	\$ 33,189	\$ 5,975	\$ (3,228)	\$ 35,936
Earnings (loss) from operations	\$ (130)	\$ 1	\$ —	\$ (129)

Segment information for the three months ended June 30, 2021, is as follows (\$ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	\$ 29,588	\$ 1,437	\$ —	\$ 31,025
Total revenues from internal customers	2	3,122	(3,124)	—
Total revenues	\$ 29,590	\$ 4,559	\$ (3,124)	\$ 31,025
Earnings (loss) from operations	\$ (415)	\$ (3)	\$ —	\$ (418)

Segment information for the six months ended June 30, 2022, follows (\$ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	\$ 67,706	\$ 5,415	\$ —	\$ 73,121
Total revenues from internal customers	4	6,675	(6,679)	—
Total revenues	\$ 67,710	\$ 12,090	\$ (6,679)	\$ 73,121
Earnings from operations	\$ 1,107	\$ 17	\$ —	\$ 1,124

Segment information for the six months ended June 30, 2021, follows (\$ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	\$ 58,190	\$ 2,818	\$ —	\$ 61,008
Total revenues from internal customers	3	6,008	(6,011)	—
Total revenues	\$ 58,193	\$ 8,826	\$ (6,011)	\$ 61,008
Earnings from operations	\$ 541	\$ 95	\$ —	\$ 636

13. Contingencies

Overview

The Company is routinely subjected to legal and regulatory proceedings in the normal course of business. These matters can include, without limitation:

- periodic compliance and other reviews and investigations by various federal and state regulatory agencies with respect to requirements applicable to the Company's business, including, without limitation, those related to payment of out-of-network claims, submissions to Centers for Medicare and Medicaid Services (CMS) for risk adjustment payments or the False Claims Act, the calculation of minimum medical loss ratios and rebates related thereto, submissions to state agencies related to payments or state false claims acts, pre-authorization penalties, timely review of grievances and appeals, timely and accurate payment of claims, and the Health Insurance Portability and Accountability Act of 1996 and other federal and state fraud, waste and abuse laws;
- litigation arising out of general business activities, such as tax matters, disputes related to healthcare benefits coverage or reimbursement, putative securities class actions and medical malpractice, privacy, real estate, intellectual property and employment-related claims; and

- disputes regarding reinsurance arrangements, claims arising out of the acquisition or divestiture of various assets, class actions and claims relating to the performance of contractual and non-contractual obligations to providers, members, employer groups and others, including, but not limited to, the alleged failure to properly pay claims and challenges to the manner in which the Company processes claims, claims related to network adequacy and claims alleging that the Company has engaged in unfair business practices.

Among other things, these matters may result in awards of damages, fines or penalties, which could be substantial, and/or could require changes to the Company's business. The Company intends to vigorously defend itself against legal and regulatory proceedings to which it is currently a party; however, these proceedings are subject to many uncertainties. In some of the cases pending against the Company, substantial non-economic or punitive damages are being sought.

The Company records reserves and accrues costs for certain legal proceedings and regulatory matters to the extent that it determines an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. While such reserves and accrued costs reflect the Company's best estimate of the probable loss for such matters, the recorded amounts may differ materially from the actual amount of any such losses. In some cases, no estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made because of the inherently unpredictable nature of legal and regulatory proceedings, which may be exacerbated by various factors, including but not limited to, they may involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or legal uncertainties; involve disputed facts; represent a shift in regulatory policy; involve a large number of parties, claimants or regulatory bodies; are in the early stages of the proceedings; involve a number of separate proceedings and/or a wide range of potential outcomes; or result in a change of business practices.

As of the date of this report, amounts accrued for legal proceedings and regulatory matters were not material, except for the reserve estimate as described below with respect to claims or potential claims involving services provided by Envolve Pharmacy Solutions, Inc. (Envolve), as the Company's pharmacy benefits manager (PBM) subsidiary. It is possible that in a particular quarter or annual period the Company's financial condition, results of operations, cash flow and/or liquidity could be materially adversely affected by an ultimate unfavorable resolution of or development in legal and/or regulatory proceedings, including as described below. Except for the proceedings discussed below, the Company believes that the ultimate outcome of any of the regulatory and legal proceedings that are currently pending against it should not have a material adverse effect on financial condition, results of operations, cash flow or liquidity.

California

On October 20, 2015, the Company's California subsidiary, Health Net of California, Inc. (Health Net California), was named as a defendant in a California taxpayer action filed in Los Angeles County Superior Court, captioned as Michael D. Myers v. State Board of Equalization, Dave Jones, Insurance Commissioner of the State of California, Betty T. Yee, Controller of the State of California, et al., Los Angeles Superior Court Case No. BS158655. This action is brought under a California statute that permits an individual taxpayer to sue a governmental agency when the taxpayer believes the agency has failed to enforce governing law. Plaintiff contends that Health Net California, a California licensed Health Care Service Plan (HCSP), is an "insurer" for purposes of taxation despite acknowledging it is not an "insurer" under regulatory law. Under California law, "insurers" must pay a gross premiums tax (GPT), calculated as 2.35% on gross premiums. As a licensed HCSP, Health Net California has paid the California Corporate Franchise Tax (CFT), the tax generally paid by California businesses. Plaintiff contends that Health Net California must pay the GPT rather than the CFT. Plaintiff seeks a writ of mandate directing the California taxing agencies to collect the GPT, and seeks an order requiring Health Net California to pay GPT, interest and penalties for a period dating to eight years prior to the October 2015 filing of the complaint. This lawsuit is being coordinated with similar lawsuits filed against other entities (collectively, Related Actions). In March 2018, the Court overruled the Company's demurrer seeking to dismiss the complaint and denied the Company's motion to strike allegations seeking retroactive relief. In August 2018, the trial court stayed all the Related Actions pending determination of a writ of mandate by the California Court of Appeals in two of the Related Actions. In March 2019, the California Court of Appeals denied the writ of mandate. The defendants in those Related Actions sought review by the California Supreme Court, which declined to review the matter. Upon the return of the matter to the Los Angeles County Superior Court, motions for summary judgment were scheduled. Health Net California's motion for summary judgment was heard by the Court in March 2020. In March 2020, the Court granted Health Net California's motion for summary judgment. In September 2020, the plaintiff appealed the Court's decision. The Company intends to continue its vigorous defense against these claims; however, this matter is subject to many uncertainties, and an adverse outcome in this matter could potentially have a materially adverse impact on the Company's financial position, results of operations and cash flows.

Beginning in April 2021, several lawsuits have been filed against the Company and its subsidiaries, alleging that the defendants failed to prevent Health Net members' personal and health data from being exposed in connection with a data breach involving

Accellion's File Transfer Appliance. The Company denies any wrongdoing and is seeking indemnification from Accellion for these claims. In December 2021, the plaintiffs in three of the pending actions filed a motion for preliminary approval of a settlement with the Company and its subsidiaries, which, if approved by the court, should resolve most or all of the pending litigation. In addition, claims related to these lawsuits are anticipated to be covered in part by the Company's insurance carrier. As a result, while these matters are subject to many uncertainties, the Company does not believe that an adverse outcome in these matters is likely to have a materially adverse impact on the Company's financial position, results of operations and cash flows.

Pharmacy Benefits Management Matters

On March 11, 2021, the State of Ohio filed a civil action against the Company and the Company's subsidiaries, Buckeye Health Plan Community Solutions, Inc. and Envolve, in Franklin County Court of Common Pleas, captioned as Ohio Department of Medicaid, et al. v. Centene Corporation, et al. The complaint alleged breaches of contract with the Ohio Department of Medicaid relating to the provision of PBM services and violations of Ohio law relating to such contracts, including among other things, by (i) seeking payment for services already reimbursed, (ii) not accurately disclosing to the Ohio Department of Medicaid the true cost of the PBM services and (iii) inflating dispensing fees for prescription drugs. The plaintiffs sought an undisclosed sum of money in damages, penalties, and possible termination of the contract with Buckeye Health Plan.

The Company has reached no-fault agreements with the Attorney Generals in 11 states, including Ohio, to resolve claims and/or allegations made by the states related to services provided by Envolve. As a result of the settlement, the Ohio Attorney General's litigation against the Company was dismissed. Additionally, the Company is in discussions to bring final resolution to similar concerns in other affected states. Consistent with those discussions, the Company recorded a reserve estimate of \$1,250 million in the second quarter of 2021 related to this issue, inclusive of the above settlements and rebates that the Company determined in the course of the matter are payable across products. Additional claims, reviews or investigations relating to the Company's PBM business across products may be brought by other states, the federal government or shareholder litigants, and there is no guarantee the Company will have the ability to settle such claims with other states within the reserve estimate the Company has recorded and on other acceptable terms, or at all. This matter is subject to many uncertainties, and an adverse outcome in this matter could have an adverse impact on the Company's financial position, results of operations and cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this filing. The discussion contains forward-looking statements that involve known and unknown risks and uncertainties.

EXECUTIVE OVERVIEW

General

We are a leading healthcare enterprise that is committed to helping people live healthier lives. We take a local approach - with local brands and local teams - to provide fully integrated, high-quality, and cost-effective services to government-sponsored and commercial healthcare programs, focusing on under-insured and uninsured individuals.

Results of operations depend on our ability to manage expenses associated with health benefits (including estimated costs incurred) and selling, general and administrative (SG&A) costs. We measure operating performance based upon two key ratios. The health benefits ratio (HBR) represents medical costs as a percentage of premium revenues, excluding premium tax revenues that are separately billed, and reflects the direct relationship between the premiums received and the medical services provided. The SG&A expense ratio represents SG&A costs as a percentage of premium and service revenues, excluding premium taxes separately billed.

Value Creation Plan

As introduced in June 2021, our Value Creation Plan is designed to drive margin expansion by leveraging our scale and generating sustainable profitable growth. In addition to creating shareholder value, this plan is an ongoing effort to modernize and improve how we work in order to propel our organization to new levels of success and elevate the member and provider experiences. The three major pillars of the Value Creation Plan are: SG&A expense savings, gross margin expansion, and strategic capital management. The first pillar, SG&A expense savings, includes initiatives targeting improving productivity, driving efficiencies, and reducing costs throughout the organization, including real estate optimization. The second pillar, gross margin expansion, relates to initiatives including bid discipline, clinical initiatives, quality improvement, and pharmacy cost management. The third pillar, strategic capital management, focuses on value-creating capital deployment activities such as stock repurchases, portfolio optimization, and debt and investment management.

From an operational perspective, we continue to move forward with our value creation plan, including the streamlining of certain operations, such as key call centers and utilization management, evaluating our real estate footprint and seeking opportunities for platform consolidation. We are assessing our portfolio and are focused on making strategic decisions and investments to create additional value in the short term and to seek opportunities that position the organization for long-term strength, profitability, growth, and innovation.

In the second quarter of 2022, following a strategic review of our real estate portfolio and the adoption of a more modern, flexible work environment, we initiated a reduction of our real estate footprint and incurred a charge of \$1.45 billion related to the impairment of leased and owned real estate and related fixed assets. We incurred impairments of \$706 million related to owned real estate, \$521 million related to leased real estate, and \$223 million related to associated fixed assets. We anticipate additional future charges of approximately \$200 million related to real estate optimization. This represents an approximate 70% decrease in domestic leased space and is expected to result in annualized lease expense savings of approximately \$200 million.

Additionally, during the second quarter of 2022, our Board of Directors authorized a \$3.0 billion increase to our stock repurchase program and a new \$1.0 billion debt repurchase program. During 2022, we have repurchased \$450 million of our common stock through our stock repurchase program, entered into definitive agreements to sell Magellan Rx as well as our ownership stakes in our Spanish and Central European businesses as part of our ongoing portfolio review, and completed the divestiture of PANTHERx Rare (PANTHERx). We intend to utilize the majority of the proceeds from these divestitures to repurchase additional shares and the balance to reduce debt.

COVID-19 Trends and Uncertainties

The impact of COVID-19 on our business in both the short-term and long-term is uncertain and difficult to predict. The outlook for the remainder of 2022 depends on future developments, including but not limited to: the length and severity of the outbreak

(including new variants, which may be more contagious, more severe or less responsive to treatment or vaccines), the effectiveness of containment actions, the timing and effectiveness of vaccinations and achievement of herd immunity, and the timing and rate at which members return to accessing healthcare. The pandemic and these future developments have impacted and will continue to affect our membership and medical utilization. From the onset of the pandemic in March 2020, our Medicaid membership has increased by 2.9 million members (excluding the new North Carolina membership). The public health emergency (PHE) extension for COVID-19 has been extended to October 2022 with redeterminations eligible to begin in November 2022. However, the PHE may be extended beyond October 2022. Our Ambetter product covers the majority of our Medicaid states, and we believe we are among the best positioned in the healthcare market to capture those transitioning coverage through redeterminations. Our execution plan is well-thought out and we remain agile in working with our state partners and are prepared to support our members and promote continuity of coverage when redeterminations resume.

We continue to watch external trends closely, as COVID-19 costs could increase based upon macro trends. New variants and additional waves of the pandemic could create new dynamics and uncertainties around our expectations.

We are confident we have the team, systems, expertise and financial strength to continue to effectively navigate this challenging pandemic landscape.

Regulatory Trends and Uncertainties

The United States government, policymakers, and healthcare experts continue to discuss and debate various elements of the United States healthcare model. We remain focused on the promise of delivering access to high-quality, affordable healthcare to all of our members and believe we are well positioned to meet the needs of the changing healthcare landscape.

In contrast to previous executive and legislative efforts to restrict or limit certain provisions of the Affordable Care Act (ACA), the American Rescue Act, enacted on March 11, 2021, contained provisions aimed at leveraging Medicaid and the Health Insurance Marketplace to expand health insurance coverage and affordability to consumers. The American Rescue Act authorized an additional \$1.9 trillion in federal spending to address the COVID-19 PHE, and contained several provisions designed to increase coverage of certain healthcare services, expand eligibility and benefits, incentivize state Medicaid expansion, and adjust federal financing for state Medicaid programs, the ultimate impact of which remain uncertain. The American Rescue Act enhanced eligibility for the advance premium tax credit for certain enrollees in the Health Insurance Marketplace currently expires on December 31, 2022, and if it is not extended, our Health Insurance Marketplace membership would likely be reduced.

Recently, the Biden Administration has made efforts to address the family glitch in the ACA, which relates to determining who is eligible for premium subsidies. We see this as a significant step in making Marketplace more affordable for working families.

We have more than three decades of experience, spanning seven presidents from both sides of the aisle, in delivering high-quality healthcare services on behalf of states and the federal government to under-insured and uninsured families, commercial organizations and military families. This expertise has allowed us to deliver cost effective services to our government sponsors and our members. While healthcare experts maintain focus on personalized healthcare technology, we continue to make strategic decisions to accelerate development of new software platforms and analytical capabilities. We continue to believe we have both the capacity and capability to successfully navigate industry changes to the benefit of our members, customers and shareholders.

Second Quarter 2022 Highlights

Our financial performance for the second quarter of 2022 is summarized as follows:

- Managed care membership of 26.4 million, an increase of 1.8 million members, or 7% year-over-year.
- Total revenues of \$35.9 billion, representing 16% growth year-over-year.
- Premium and service revenues of \$34.0 billion, representing 18% growth year-over-year.
- HBR of 86.7%, compared to 88.3% for the second quarter of 2021.
- SG&A expense ratio of 8.2%, compared to 7.4% for the second quarter of 2021.
- Adjusted SG&A expense ratio of 8.2%, compared to 7.3% for the second quarter of 2021.
- Operating cash flows of \$3.4 billion for the second quarter of 2022.

- Diluted loss per share of \$(0.29), compared to \$(0.92) for the second quarter of 2021. The second quarter loss was driven by a pre-tax real estate impairment charge of \$1.45 billion (\$1.80 per share after-tax), related to the reduction in our real estate footprint. The diluted loss per share in 2021 was driven by the recording of a legal settlement reserve estimate of \$1.25 billion (\$1.78 per share after-tax).
- Adjusted diluted earnings per share (EPS) of \$1.77, compared to \$1.25 for the second quarter of 2021.

A reconciliation from GAAP diluted earnings (loss) per share to adjusted diluted EPS is highlighted below, and additional detail is provided above under the heading *Non-GAAP Financial Presentation*:

	Three Months Ended June 30,	
	2022	2021
GAAP diluted earnings (loss) per share attributable to Centene	\$ (0.29)	\$ (0.92)
Amortization of acquired intangible assets	0.34	0.33
Acquisition and divestiture related expenses	0.04	0.07
Other adjustments ⁽¹⁾	2.45	2.23
Income tax effects of adjustments ⁽²⁾	(0.77)	(0.46)
Adjusted diluted EPS	\$ 1.77	\$ 1.25

⁽¹⁾ Other adjustments include the following pre-tax items:

(a) for the three months ended June 30, 2022: real estate impairments of \$1,454 million, or \$2.46 per share (\$1.80 after-tax), gain on debt extinguishment of \$13 million, or \$0.02 per share, and costs related to the pharmacy benefits management (PBM) legal settlement of \$4 million, or \$0.01 per share;

(b) for the three months ended June 30, 2021: PBM legal settlement expense of \$1,250 million, or \$2.12 per share (\$1.78 after-tax), a reduction to the previously reported gain on divestiture of certain products of our Illinois health plan of \$62 million, or \$0.10 per share, severance costs of \$2 million, or \$0.00 per share, and the \$0.01 impact of 8 million diluted shares in the calculation of adjusted diluted EPS.

⁽²⁾ The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment. The three and six months ended June 30, 2022 also include a \$0.03 per share increase to the tax benefit on the previously reported non-cash impairment of our equity method investment in RxAdvance.

The following items contributed to our results of operations in the current year:

- *Circle Health*. In July 2021, we acquired the remaining interest in our equity method investment in Circle Health, one of the U.K.'s largest independent operators of hospitals.
- *Commercial*. In 2022, we introduced Ambetter into five new states, as well as expanded coverage to 274 new counties across 13 existing states. We now serve members in 27 states across the country in 1,480 counties. Additionally, we introduced three new Ambetter product offerings to address growing needs of our members: Ambetter Value, Ambetter Select, and Ambetter Virtual Access.
- *Eligibility Redeterminations*. Revenue growth was driven by organic Medicaid growth due to the ongoing suspension of eligibility redeterminations as well as Medicare membership growth during the annual enrollment period.
- *Hawaii*. In July 2021, we began operating under two new statewide contracts in Hawaii to continue administering covered services to eligible Medicaid and Children's Health Insurance Program (CHIP) members for medically necessary medical, behavioral health, and long-term services and support and to continue administering services through the Community Care Services program in partnership with the Hawaii Department of Human Services' Med-QUEST Division.
- *Magellan Health, Inc. (Magellan)*. In January 2022, we acquired all of the issued and outstanding shares of Magellan for approximately \$2.6 billion.

- *Medicare Advantage.* We experienced strong Medicare membership growth during the 2022 annual enrollment period. In 2022, we introduced WellCare into three new states, as well as expanded coverage to 327 new counties across existing states. We now serve members in 36 states across the country in 1,575 counties.
- *North Carolina.* In July 2021, WellCare of North Carolina commenced operations under a new statewide contract in North Carolina providing Medicaid managed care services. In addition, we also began operating under a new contract to provide Medicaid managed care services in three regions in North Carolina through our provider-led North Carolina joint venture, Carolina Complete Health.

In addition, we have been negatively impacted by the previously disclosed carve out of California pharmacy services effective January 2022, which occurred in connection with the state's transition of pharmacy services from managed care to fee for service, and the decrease in the number of our Medicare members in a 4.0 star or above plan for the 2022 bonus year.

We expect the following items to impact to our future results of operations:

- In July 2022, as part of our previously announced review of strategic alternatives for our international portfolio, we signed a definitive agreement to sell our ownership stakes in our Spanish and Central European businesses, including Ribera Salud, Torrejón Salud, and Pro Diagnostics Group. The transaction is expected to close by the end of 2022.
- In July 2022, we completed the previously announced sale of PANTHERx. The divestiture illustrates our continued progress on the Value Creation Plan.
- In July 2022, we announced our subsidiary, Delaware First Health, was awarded contracts for the statewide Medicaid Managed Care programs. The new contracts are anticipated to begin January 1, 2023.
- In July 2022, our subsidiary, Home State Health, commenced the MO HealthNet Managed Care General Plan and Specialty Plan contracts. Under the General Plan, Home State will continue serving multiple MO HealthNet programs including Children's Health Insurance (CHIP) members and the state's newly implemented Medicaid expansion population, across all regions of Missouri. Additionally, as the sole provider of the newly awarded Specialty Plan, Home State now serves approximately 50,000 foster children and children receiving adoption subsidy assistance.
- In May 2022, we signed a definitive agreement to sell Magellan Rx as part of our ongoing portfolio review. The transaction is expected to close by the end of 2022.
- In March 2022, we announced our subsidiary, Managed Health Services, was selected by the Indiana Department of Administration to continue serving Hoosier Healthwise and Health Indiana Plan members with Medicaid and Medicaid alternative managed care and care coordination services. The new contract is anticipated to begin January 1, 2023.
- In February 2022, our Louisiana subsidiary, Louisiana Healthcare Connections, was awarded a Medicaid contract by the Louisiana Department of Health to continue administering quality, integrated healthcare services to members across the state. The contract is expected to commence in January 2023.
- In January 2022, our Nevada subsidiary, SilverSummit Healthplan, Inc., commenced the contract awarded from the Nevada Department of Health and Human Services - Health Care Financing and Policy to continue providing managed care services for its Medicaid Managed Care program in both Clark and Washoe Counties.
- In October 2021, Centers for Medicare and Medicaid Services (CMS) published updated Medicare Star quality ratings for the 2022 rating year. Over 50% of our Medicare members are in a 4.0 star or above plan for the 2023 bonus year, compared to approximately 30% for the 2022 bonus year. This increase in Star quality ratings is primarily due to certain disaster relief provisions, which we do not expect to be applicable in future years. As a result, we expect to experience a meaningful decrease to our Star ratings for the 2023 Star rating year, which impacts the 2024 bonus year, followed by a subsequent increase to our Star ratings for the 2024 Star rating year, which impacts the 2025 bonus year.
- In August 2021, we announced that our North Carolina subsidiaries, Carolina Complete Health and WellCare of North Carolina, will coordinate physical and/or other health services with Local Management Entities/Managed Care Organizations under the state's new Tailored Plans. The Tailored Plans, which are expected to launch in December 2022, are integrated health plans designed for individuals with significant behavioral health needs and intellectual/developmental disabilities.

- In August 2021, our Ohio subsidiary, Buckeye Health Plan, was awarded a Medicaid contract by the Ohio Department of Medicaid to continue servicing members with quality healthcare, coordinated services, and benefits. The contract is expected to commence in December 2022.
- We expect Medicaid eligibility redeterminations to begin in November 2022, although it could be extended into early 2023.
- We will be negatively impacted by the anticipated carve out of Ohio pharmacy services in the second half of 2022 in connection with the state's transition of pharmacy services from managed care to a single PBM.
- We may be negatively impacted by potential Medicaid state rate actions and risk corridor mechanisms as a result of the COVID-19 pandemic.
- We may be negatively impacted by the expiration of the enhanced Advanced Premium Tax Credits (eAPTC) which, if not extended by the end of September, will expire in December 2022.

MEMBERSHIP

From June 30, 2021 to June 30, 2022, we increased our managed care membership by 1.8 million, or 7%. The following table sets forth our membership by line of business:

	June 30, 2022	December 31, 2021	June 30, 2021
Traditional Medicaid ⁽¹⁾	13,758,000	13,328,400	12,492,600
High Acuity Medicaid ⁽²⁾	1,688,000	1,686,100	1,531,000
Total Medicaid	15,446,000	15,014,500	14,023,600
Commercial Marketplace	2,033,300	2,140,500	2,040,900
Commercial Group	448,700	462,100	479,500
Total Commercial	2,482,000	2,602,600	2,520,400
Medicare ⁽³⁾	1,483,900	1,252,200	1,182,900
Medicare PDP	4,165,500	4,070,500	4,064,500
Total at-risk membership ⁽⁴⁾	23,577,400	22,939,800	21,791,400
TRICARE eligibles	2,862,400	2,874,700	2,881,400
Total	26,439,800	25,814,500	24,672,800

⁽¹⁾ Membership includes TANF, Medicaid Expansion, CHIP, Foster Care and Behavioral Health.

⁽²⁾ Membership includes ABD, IDD, LTSS and MMP Duals.

⁽³⁾ Membership includes Medicare Advantage and Medicare Supplement.

⁽⁴⁾ Membership includes 1,252,600, 1,178,000, and 1,131,900 dual-eligible beneficiaries for the periods ending June 30, 2022, December 31, 2021, and June 30, 2021, respectively.

RESULTS OF OPERATIONS

The following discussion and analysis is based on our Consolidated Statements of Operations, which reflect our results of operations for the three and six months ended June 30, 2022 and 2021, prepared in accordance with generally accepted accounting principles in the United States.

Summarized comparative financial data for the three and six months ended June 30, 2022 and 2021 is as follows (\$ in millions, except per share data in dollars):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Premium	\$ 31,510	\$ 27,627	14 %	\$ 63,399	\$ 54,560	16 %
Service	2,458	1,235	99 %	4,801	2,416	99 %
Premium and service revenues	33,968	28,862	18 %	68,200	56,976	20 %
Premium tax	1,968	2,163	(9) %	4,921	4,032	22 %
Total revenues	35,936	31,025	16 %	73,121	61,008	20 %
Medical costs	27,312	24,389	12 %	55,150	47,780	15 %
Cost of services	2,099	1,107	90 %	4,087	2,155	90 %
Selling, general and administrative expenses	2,800	2,139	31 %	5,545	4,373	27 %
Depreciation expense	164	134	22 %	320	267	20 %
Amortization of acquired intangible assets	199	188	6 %	398	383	4 %
Premium tax expense	2,041	2,236	(9) %	5,047	4,164	21 %
Impairment	1,450	—	n.m.	1,450	—	n.m.
Legal settlement	—	1,250	n.m.	—	1,250	n.m.
Earnings (loss) from operations	(129)	(418)	69 %	1,124	636	77 %
Investment and other income	42	39	8 %	94	142	(34) %
Debt extinguishment	13	—	n.m.	16	(46)	135 %
Interest expense	(162)	(163)	1 %	(322)	(333)	3 %
Earnings (loss) before income tax	(236)	(542)	56 %	912	399	129 %
Income tax expense (benefit)	(65)	(7)	n.m.	231	237	(3) %
Net earnings (loss)	(171)	(535)	68 %	681	162	320 %
(Earnings) loss attributable to noncontrolling interests	(1)	—	n.m.	(4)	2	(300) %
Net earnings (loss) attributable to Centene Corporation	\$ (172)	\$ (535)	68 %	\$ 677	\$ 164	313 %
Diluted earnings (loss) per common share attributable to Centene Corporation	\$ (0.29)	\$ (0.92)	68 %	\$ 1.15	\$ 0.28	311 %

n.m.: not meaningful

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021**Total Revenues**

The following table sets forth supplemental revenue information for the three months ended June 30, (\$ in millions):

	2022	2021	% Change
Medicaid	\$ 22,458	\$ 20,797	8 %
Commercial	4,556	4,110	11 %
Medicare ⁽¹⁾	5,639	4,464	26 %
Other	3,283	1,654	98 %
Total Revenues	<u>\$ 35,936</u>	<u>\$ 31,025</u>	<u>16 %</u>

⁽¹⁾ Medicare includes Medicare Advantage, Medicare Supplement and Medicare PDP.

Total revenues increased 16% in the three months ended June 30, 2022 over the corresponding period in 2021, driven by organic Medicaid growth, primarily due to the ongoing suspension of eligibility redeterminations, 25% membership growth in the Medicare business (19% growth since December 31, 2021), our recent acquisitions of Magellan and Circle Health, and the commencement of our contracts in North Carolina.

Operating Expenses***Medical Costs***

The HBR for the three months ended June 30, 2022, was 86.7%, compared to 88.3% in the same period in 2021. The HBR for the second quarter of 2022 was positively impacted by favorable performance in Marketplace driven by pricing actions and a return to more normalized utilization compared to the second quarter of 2021. Additionally, the second quarter of 2021 was negatively impacted by unfavorable 2020 risk adjustment, while the second quarter of 2022 was favorably impacted by 2021 risk adjustment.

Cost of Services

Cost of services increased by \$992 million in the three months ended June 30, 2022, compared to the corresponding period in 2021, primarily attributable to newly acquired businesses, including Magellan and Circle Health. The cost of service ratio for the three months ended June 30, 2022, was 85.4%, compared to 89.6% in the same period in 2021. The decrease in the cost of service ratio was driven by the acquisition of the Circle Health business, which operates at a lower cost of service ratio.

Selling, General & Administrative Expenses

The SG&A expense ratio was 8.2% for the second quarter of 2022, compared to 7.4% in the second quarter of 2021. The adjusted SG&A expense ratio was 8.2% for the second quarter of 2022, compared to 7.3% in the second quarter of 2021. The increases were due to the additions of the Magellan and Circle Health businesses, which operate at higher SG&A expense ratios due to the nature of their respective businesses along with increased costs associated with risk adjustment improvement efforts, Medicare broker commissions and variable compensation. These impacts were partially offset by the leveraging of expenses over higher revenues as a result of increased membership.

Impairment

During the second quarter of 2022, we recorded an impairment charge of \$1.45 billion related to the reduction of our real estate footprint consisting of leased and owned real estate assets and related fixed assets.

Legal Settlement

During the second quarter of 2021, we recorded a legal settlement reserve estimate of \$1.25 billion (inclusive of the Ohio and Mississippi settlements) related to services provided by Envolve Pharmacy Solutions, Inc. (Envolve), our PBM subsidiary, essentially during 2017 and 2018.

Other Income (Expense)

The following table summarizes the components of other income (expense) for the three months ended June 30, (\$ in millions):

	2022	2021
Investment and other income	\$ 42	\$ 39
Debt extinguishment	13	—
Interest expense	(162)	(163)
Other income (expense), net	<u>\$ (107)</u>	<u>\$ (124)</u>

Investment and other income. Investment and other income increased by \$3 million in the three months ended June 30, 2022 compared to the corresponding period in 2021.

Debt extinguishment. In May 2022, we recognized a \$13 million pre-tax gain on the extinguishment of debt related to the refinancing of debt for our of Circle Health subsidiary.

Interest expense. Interest expense decreased by \$1 million in the three months ended June 30, 2022 compared to the corresponding period in 2021.

Income Tax Expense

For the three months ended June 30, 2022, we recorded income tax benefit of \$65 million on pre-tax loss of \$236 million, or an effective tax rate of 27.7%. For the second quarter of 2022, our effective tax rate on adjusted earnings was 27.1%. For the three months ended June 30, 2021, we recorded an income tax benefit of \$7 million on a pre-tax loss of \$542 million, or an effective tax rate of 1.3%. The effective tax rate for the second quarter of 2021 reflects the partial non-deductibility of the legal settlement reserve. For the second quarter of 2021, our effective tax rate on adjusted earnings was 26.3%.

Segment Results

The following table summarizes our consolidated operating results by segment for the three months ended June 30, (\$ in millions):

	2022	2021	% Change
Total Revenues			
Managed Care	\$ 33,189	\$ 29,590	12 %
Specialty Services	5,975	4,559	31 %
Eliminations	(3,228)	(3,124)	(3) %
Consolidated Total	<u>\$ 35,936</u>	<u>\$ 31,025</u>	<u>16 %</u>
Earnings from Operations			
Managed Care	\$ (130)	\$ (415)	69 %
Specialty Services	1	(3)	133 %
Consolidated Total	<u>\$ (129)</u>	<u>\$ (418)</u>	<u>69 %</u>

Managed Care

Total revenues increased 12% in the three months ended June 30, 2022, compared to the corresponding period in 2021. The increase was due to organic Medicaid growth, partially due to the ongoing suspension of eligibility redeterminations, membership growth in the Medicare business, our recent acquisition of Circle Health, and the commencement of our contracts in North Carolina. Earnings from operations increased \$285 million between years primarily as a result of Medicaid and Medicare membership growth, 2021 risk adjustment in 2022, lower traditional utilization in the Marketplace business, profitability growth in the PDP business, offset by the \$1.45 billion pre-tax real estate impairment. 2021 was negatively impacted by a legal settlement reserve estimate of \$1.25 billion related to services provided by Envelope.

Specialty Services

Total revenues increased 31% in the three months ended June 30, 2022, compared to the corresponding period in 2021, resulting primarily from our recent acquisition of Magellan as well as from our specialty pharmacy businesses. Earnings from operations increased \$4 million in the three months ended June 30, 2022, compared to the corresponding period in 2021.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021**Total Revenues**

The following table sets forth supplemental revenue information for the six months ended June 30, (\$ in millions):

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Medicaid	\$ 46,534	\$ 40,988	14 %
Commercial	8,688	8,008	8 %
Medicare ⁽¹⁾	11,396	8,803	29 %
Other	6,503	3,209	103 %
Total Revenues	<u>\$ 73,121</u>	<u>\$ 61,008</u>	<u>20 %</u>

⁽¹⁾ Medicare includes Medicare Advantage, Medicare Supplement and Medicare PDP.

Total revenues increased 20% in the six months ended June 30, 2022 over the corresponding period in 2021 primarily due to Medicaid membership growth resulting from the ongoing suspension of eligibility redeterminations, membership growth in the Medicare business, our recent acquisitions of Magellan and Circle Health, and the commencement of our contracts in North Carolina, and additional premium tax revenue and retroactive state directed payments.

Operating Expenses***Medical Costs***

The HBR for the six months ended June 30, 2022 was 87.0%, compared to 87.6% in the same period in 2021. The HBR for 2022 was positively impacted by favorable performance in Marketplace driven by pricing actions and a return to more normalized utilization compared to the second quarter of 2021. Additionally, the second quarter of 2021 was negatively impacted by unfavorable 2020 risk adjustment, while the second quarter of 2022 was favorably impacted by 2021 risk adjustment.

Cost of Services

Cost of services increased by \$1.9 billion in the six months ended June 30, 2022, compared to the corresponding period in 2021, primarily attributable to newly acquired businesses, including Magellan and Circle Health. The cost of service ratio for the six months ended June 30, 2022, was 85.1%, compared to 89.2% in the same period in 2021. The decrease in the cost of service ratio was driven by the acquisition of the Circle Health business, which operates at a lower cost of service ratio.

Selling, General & Administrative Expenses

The SG&A expense ratio for the six months ended June 30, 2022 was 8.1%, compared to 7.7% for the corresponding period in 2021. The adjusted SG&A expense ratio for the six months ended June 30, 2022 was 7.9%, compared to 7.4% for the six months ended June 30, 2021. The increases were due to the additions of the Magellan and Circle Health businesses, which operate at higher SG&A ratios due to the nature of their respective businesses along with increased risk adjustment costs, Medicare broker commissions and variable compensation. These impacts were partially offset by the leveraging of expenses over high revenues as a result of increased membership as well as reduced restructuring charges compared to 2021.

Impairment

During the second quarter of 2022, we recorded an impairment charge of \$1.45 billion related to the reduction of our real estate footprint consisting of leased and owned real estate assets and related fixed assets.

Legal Settlement

During the second quarter of 2021, we recorded a legal settlement reserve estimate of \$1.25 billion (inclusive of the Ohio and Mississippi settlements) related to services provided by Envolve, our PBM subsidiary, essentially during 2017 and 2018.

Other Income (Expense)

The following table summarizes the components of other income (expense) for the six months ended June 30, (\$ in millions):

	2022	2021
Investment and other income	\$ 94	\$ 142
Debt extinguishment	16	(46)
Interest expense	(322)	(333)
Other income (expense), net	<u>\$ (212)</u>	<u>\$ (237)</u>

Investment and other income. Investment and other income decreased by \$48 million in the six months ended June 30, 2022 compared to the corresponding period in 2021, driven by decreases in the performance of our deferred compensation investment fund portfolio, which fluctuate with their underlying investments. The losses from our deferred compensation portfolio were substantially offset by decreases in deferred compensation expense, recorded in SG&A expense. These decreases were partially offset by higher interest rates.

Debt extinguishment. In May 2022, we recognized a \$13 million pre-tax gain on the extinguishment of debt related to the refinancing of debt for our of Circle Health subsidiary. The 2022 debt extinguishment also includes an immaterial gain related to the redemption of Magellan's outstanding senior notes in January 2022. In February 2021, we tendered or redeemed all of our outstanding \$2.2 billion 4.75% Senior Notes, due 2025 and recognized a pre-tax loss on extinguishment of approximately \$46 million. The loss includes the call premium and the write-off of unamortized premium and debt issuance costs.

Interest expense. Interest expense decreased by \$11 million in the six months ended June 30, 2022, compared to the corresponding period in 2021, driven by our 2022 and 2021 refinancing actions.

Income Tax Expense

For the six months ended June 30, 2022, we recorded income tax expense of \$231 million on pre-tax earnings of \$912 million, or an effective tax rate of 25.3%. For the six months ended June 30, 2022, our effective tax rate on adjusted earnings was 26.1%. For the six months ended June 30, 2021, we recorded income tax expense of \$237 million on pre-tax earnings of \$399 million, or an effective tax rate of 59.4%, which reflects the partial non-deductibility of the legal settlement reserve.

Segment Results

The following table summarizes our consolidated operating results by segment for the six months ended June 30, (\$ in millions):

	2022	2021	% Change
Total Revenues			
Managed Care	\$ 67,710	\$ 58,193	16 %
Specialty Services	12,090	8,826	37 %
Eliminations	(6,679)	(6,011)	(11) %
Consolidated Total	<u>\$ 73,121</u>	<u>\$ 61,008</u>	<u>20 %</u>
Earnings from Operations			
Managed Care	\$ 1,107	\$ 541	105 %
Specialty Services	17	95	(82) %
Consolidated Total	<u>\$ 1,124</u>	<u>\$ 636</u>	<u>77 %</u>

Managed Care

Total revenues increased 16% in the six months ended June 30, 2022, compared to the corresponding period in 2021, driven by organic Medicaid growth, partially due to the ongoing suspension of eligibility redeterminations, membership growth in the Medicare business, our recent acquisition of Circle Health, the commencement of our contracts in North Carolina, along with premium tax revenue and retroactive state directed payments. Earnings from operations increased \$566 million between years primarily as a result of Medicaid and Medicare membership growth, 2021 risk adjustment in 2022, lower traditional utilization in the Marketplace business, profitability growth in the PDP business, and the acquisition of Circle Health, partially offset by the \$1.45 billion pre-tax real estate impairment. 2021 was negatively impacted by the legal settlement reserve estimate of \$1.25 billion related to services provided by Envolve and higher utilization in the Marketplace business in 2021.

Specialty Services

Total revenues increased 37% in the six months ended June 30, 2022, compared to the corresponding period in 2021, resulting primarily from our recent acquisition of Magellan as well as from our specialty pharmacy businesses, increased services associated with membership growth in the Managed Care segment, and new contracts in our correctional business. Earnings from operations decreased \$78 million in the six months ended June 30, 2022, compared to the corresponding period in 2021, primarily due to declining operations in our PBM business, the shift of margin to our managed care segment for our internal dental and vision businesses, as well as a non-recurring item in our federal services business. Decreases in operations were partially offset by the Magellan Acquisition.

LIQUIDITY AND CAPITAL RESOURCES

Shown below is a condensed schedule of cash flows used in the discussion of liquidity and capital resources (\$ in millions).

	Six Months Ended June 30,	
	2022	2021
Net cash provided by operating activities	\$ 4,505	\$ 1,728
Net cash used in investing activities	(3,145)	(1,420)
Net cash used in financing activities	(984)	(46)
Effect of exchange rate changes on cash and cash equivalents	(9)	(24)
Net increase in cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ 367</u>	<u>\$ 238</u>

Cash Flows Provided by Operating Activities

Normal operations are funded primarily through operating cash flows and borrowings under our revolving credit facility. Operating activities provided cash of \$4.5 billion in the six months ended June 30, 2022 compared to providing cash of \$1.7 billion in the comparable period in 2021. Cash flows provided by operations in 2022 was driven by net earnings before the non-cash real estate impairment charge and an increase in medical claims liabilities partially due to timing of state directed payments.

Cash flows provided by operations in 2021 were due to net earnings before the legal settlement reserve, an increase in state risk adjustments and risk sharing mechanism payables, partially offset by the timing of payments from our state customers.

Cash Flows Used in Investing Activities

Investing activities used cash of \$3.1 billion in the six months ended June 30, 2022, and \$1.4 billion in the comparable period in 2021. Cash flows used in investing activities in 2022 primarily consisted of our acquisition of Magellan and net additions to the investment portfolio of our regulated subsidiaries (including transfers from cash and cash equivalents to long-term investments).

Cash flows used in investing activities in 2021 primarily consisted of the net additions to the investment portfolio of our regulated subsidiaries (including transfers from cash and cash equivalents to long-term investments) and capital expenditures.

We spent \$524 million and \$437 million in the six months ended June 30, 2022 and 2021, respectively, on capital expenditures for system enhancements, market growth, and our corporate and regional buildings.

As of June 30, 2022, our investment portfolio consisted primarily of fixed-income securities with an average duration of 3.6 years. We had unregulated cash and cash equivalents of \$782 million at June 30, 2022, including \$299 million in our international subsidiaries (a material portion of which is expected to be used to satisfy contractual obligations), compared to \$2.7 billion at December 31, 2021, including \$430 million in our international subsidiaries. Unregulated cash was substantially reduced in January 2022 upon the closing of the Magellan Acquisition for the purchase price payment and corresponding closing costs. Unregulated cash and investments include private equity investments and company owned life insurance contracts.

Cash Flows Used in Financing Activities

Financing activities used cash of \$984 million in the six months ended June 30, 2022, compared to using cash of \$46 million in the comparable period in 2021. Financing activities in 2022 were driven by the redemption of Magellan's outstanding debt of \$535 million acquired in the transaction using Magellan's cash on hand and stock repurchases of \$344 million. In 2021, net financing activities were driven by to costs associated with our debt refinancing, offset by increased borrowings.

Liquidity Metrics

In June 2022, our Board of Directors approved an increase to the existing stock repurchase program for Centene's common stock by \$3.0 billion. We have approximately \$3.5 billion remaining under the program for repurchases as of June 30, 2022.

From time to time, we raise capital through the issuance of debt in the form of senior notes or make decisions to repurchase shares or reduce debt as part of our capital allocation strategy. As of June 30, 2022, we had an aggregate principal amount of \$16.0 billion of senior notes issued and outstanding. The indentures governing our various maturities of senior notes contain restrictive covenants. As of June 30, 2022, we were in compliance with all covenants. Refer to *Note 8. Debt* for further information regarding the issuance and redemption of senior notes and *Note 10. Stockholders' Equity* for information on stock repurchases.

The credit agreement underlying our Revolving Credit Facility and Term Loan Facility contains customary covenants as well as financial covenants including a minimum fixed charge coverage ratio and a maximum debt-to-EBITDA ratio. Our maximum debt-to-EBITDA ratio under the credit agreement may not exceed 4.0 to 1.0. As of June 30, 2022, we had \$129 million of borrowings outstanding under our Revolving Credit Facility, \$2.2 billion of borrowings under our Term Loan Facility, and we were in compliance with all covenants. As of June 30, 2022, there were no limitations on the availability of our Revolving Credit Facility as a result of the debt-to-EBITDA ratio.

We had outstanding letters of credit of \$172 million as of June 30, 2022, which were not part of our revolving credit facility. The letters of credit bore weighted interest of 0.6% as of June 30, 2022. In addition, we had outstanding surety bonds of \$1.4 billion as of June 30, 2022.

At June 30, 2022, we had working capital, defined as current assets less current liabilities, of \$3.3 billion, compared to \$2.7 billion at December 31, 2021. The increase as of June 30, 2022 was driven by the reclassification of PANTHERx assets and liabilities held for sale. We manage our short-term and long-term investments with the goal of ensuring that a sufficient portion is held in investments that are highly liquid and can be sold to fund short-term requirements as needed.

At June 30, 2022, our debt to capital ratio, defined as total debt divided by the sum of total debt and total equity, was 41.5%, compared to 41.2% at December 31, 2021. Excluding \$181 million of non-recourse debt, our debt to capital ratio was 41.3% as of June 30, 2022, compared to \$184 million and 40.9% at December 31, 2021. We utilize the debt to capital ratio as a measure, among others, of our leverage and financial flexibility.

2022 Expectations

During the remainder of 2022, we expect to receive net dividends from our insurance subsidiaries of approximately \$610 million and spend approximately \$550 million in additional capital expenditures primarily associated with system enhancements and the completion of our office in Charlotte, North Carolina. In July 2022, we made \$106 million in additional purchases through our stock repurchase program and intend to utilize the majority of the proceeds from the recently completed PANTHERx sale to repurchase additional shares and the balance to reduce debt.

If the previously announced divestitures of Magellan Rx or our Spanish and Central European operations close in 2022, we would have additional proceeds to utilize for additional share repurchases and debt reduction.

Based on our operating plan, we expect that our available cash, cash equivalents and investments, cash from our operations and cash available under our Revolving Credit Facility will be sufficient to finance our general operations and capital expenditures for at least 12 months from the date of this filing. While we are currently in a strong liquidity position and believe we have adequate access to capital, we may elect to increase borrowings on our Revolving Credit Facility. From time to time we may elect to raise additional funds for these and other purposes, either through issuance of debt or equity, the sale of investment securities or otherwise, as appropriate. In addition, we may strategically pursue refinancing or redemption opportunities to extend maturities and/or improve terms of our indebtedness if we believe such opportunities are favorable to us.

We intend to continue to evaluate strategic actions in connection with our Value Creation Plan, targeting initiatives to improve productivity, efficiencies and reduced organizational costs, as well as capital deployment activities, including stock repurchases, portfolio optimization and the evaluation of refinancing opportunities. In addition to creating shareholder value, this plan encompasses a larger organizational mission to enhance our member and provider experience, improve outcomes for our members, and to initiate new ways of doing business that make Centene a great partner in all aspects of our operations.

REGULATORY CAPITAL AND DIVIDEND RESTRICTIONS

Our operations are conducted through our subsidiaries. As managed care organizations, most of our subsidiaries are subject to state regulations and other requirements that, among other things, require the maintenance of minimum levels of statutory capital, as defined by each state, and restrict the timing, payment and amount of dividends and other distributions that may be paid to us. Generally, the amount of dividend distributions that may be paid by a regulated subsidiary without prior approval by state regulatory authorities is limited based on the entity's level of statutory net income and statutory capital and surplus.

Our regulated subsidiaries are required to maintain minimum capital requirements prescribed by various regulatory authorities in each of the states in which we operate. During the six months ended June 30, 2022, we received dividends of \$500 million from and made \$428 million of capital contributions to our regulated subsidiaries. For our subsidiaries that file with the National Association of Insurance Commissioners (NAIC), the aggregate risk-based capital (RBC) level as of December 31, 2021, which was the most recent date for which reporting was required, was in excess of 350% of the Authorized Control Level. We intend to continue to maintain an aggregate RBC level in excess of 350% of the Authorized Control Level during 2022.

Under the California Knox-Keene Health Care Service Plan Act of 1975, as amended (Knox-Keene), certain of our California subsidiaries must comply with tangible net equity (TNE) requirements. Under these Knox-Keene TNE requirements, actual net worth less certain unsecured receivables and intangible assets must be more than the greater of (i) a fixed minimum amount, (ii) a minimum amount based on premiums or (iii) a minimum amount based on healthcare expenditures, excluding capitated amounts.

Under the New York State Department of Health Codes, Rules and Regulations Title 10, Part 98, our New York subsidiary must comply with contingent reserve requirements. Under these requirements, net worth based upon admitted assets must equal or exceed a minimum amount based on annual net premium income.

The NAIC has adopted rules which set minimum RBC requirements for insurance companies, managed care organizations and other entities bearing risk for healthcare coverage. As of June 30, 2022, each of our health plans was in compliance with the RBC requirements enacted in those states.

As a result of the above requirements and other regulatory requirements, certain of our subsidiaries are subject to restrictions on their ability to make dividend payments, loans or other transfers of cash to their parent companies. Such restrictions, unless amended or waived or unless regulatory approval is granted, limit the use of any cash generated by these subsidiaries to pay our obligations. The maximum amount of dividends that can be paid by our insurance company subsidiaries without prior approval of the applicable state insurance departments is subject to restrictions relating to statutory surplus, statutory income and unassigned surplus.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

INVESTMENTS AND DEBT

As of June 30, 2022, we had short-term investments of \$1.8 billion and long-term investments of \$14.9 billion, including restricted deposits of \$1.2 billion. The short-term investments generally consist of highly liquid securities with maturities between three and 12 months. The long-term investments consist of municipal, corporate and U.S. Treasury securities, government sponsored obligations, life insurance contracts, asset-backed securities and equity securities and have maturities greater than one year. Restricted deposits consist of investments required by various state statutes to be deposited or pledged to state agencies. Due to the nature of the states' requirements, these investments are classified as long-term regardless of the contractual maturity date. Substantially all of our investments are subject to interest rate risk and will decrease in value if market rates increase. Assuming a hypothetical and immediate 1% increase in market interest rates at June 30, 2022, the fair value of our fixed income investments would decrease by approximately \$554 million.

For a discussion of the interest rate risk that our investments are subject to, refer to our 10-K for the fiscal year ended December 31, 2021, Part 1, Item 1A, "Risk Factors *Our investment portfolio may suffer losses which could materially and adversely affect our results of operations or liquidity.*"

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures - We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the filing of this Form 10-Q, management evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2022. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2022.

Changes in Internal Control Over Financial Reporting - No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended June 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

On January 4, 2022, we acquired Magellan. Management is currently in the process of evaluating the internal controls and procedures of Magellan and plans to integrate Magellan's internal control over financial reporting with our existing internal control over financial reporting. This integration may lead to changes in the internal control over financial reporting for us or the acquired Magellan business in future periods. Management expects the integration process to continue throughout the year and be completed during 2022.

**PART II
OTHER INFORMATION**

Item 1. Legal Proceedings.

A description of the legal proceedings to which the Company and its subsidiaries are a party is contained in Note 13. *Contingencies* to the consolidated financial statements included in Part I of this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

Item 1A. Risk Factors.

In addition to the risk factors set forth in Part I - Item 1A - "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Form 10-K"), investors should carefully consider the following risk factor, which has been updated to reflect the impairment charges related to our real estate portfolio evaluation. This risk should be read in conjunction with the risk factors set forth in the 2021 Form 10-K and the other information contained in this report and our other filings with the Securities and Exchange Commission.

An impairment charge with respect to our real estate portfolio, recorded goodwill and intangible assets could have a material impact on our results of operations.

In connection with the evaluation of our real estate portfolio, we are downsizing our leased space and have evaluated whether the carrying value of our owned real estate may be impaired. As a result, we have incurred a charge of \$744 million related to leased real estate and associated fixed asset impairments and a charge of \$706 million related to owned real estate impairments in the second quarter of 2022. We anticipate additional future charges of approximately \$200 million related to real estate optimization. We also periodically evaluate our goodwill and other intangible assets to determine whether all or a portion of their carrying values may be impaired, in which case a charge to earnings may be necessary. Changes in business strategy, government regulations or economic or market conditions have resulted and may result in impairments of our real estate portfolio, goodwill and other intangible assets at any time in the future. Our judgments regarding the existence of impairment indicators are based on, among other things, legal factors, market conditions, and operational performance. For example, the non-renewal of our health plan contracts with the state in which they operate may be an indicator of impairment. If an event or events occur that would cause us to revise our estimates and assumptions used in analyzing the value of our goodwill and other intangible assets, such revision could result in a non-cash impairment charge that could have a material impact on our results of operations in the period in which the impairment occurs.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In June 2022, our Board of Directors approved an additional \$3.0 billion to the Company's existing stock repurchase program for its common stock for a total \$4.0 billion. During the second quarter, we purchased 4.2 million shares of Centene common stock for \$344 million through our stock repurchase program. We have approximately \$3.5 billion remaining under the program for repurchases as of June 30, 2022. The stock repurchase program is effected primarily through regular open-market purchases (which may include repurchase plans designed to comply with Rule 10b5-1 and accelerated share repurchases), the amounts and timing of which are subject to our discretion as part of our capital allocation strategy, and may be based upon general market conditions and the prevailing price and trading volumes of our common stock. No duration has been placed on the repurchase program.

**Issuer Purchases of Equity Securities
Second Quarter 2022
(shares in thousands)**

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾ (\$ in millions)
April 1, 2022 - April 30, 2022	21	\$ 86.63	—	\$ 800
May 1, 2022 - May 31, 2022	2,452	82.04	2,438	600
June 1, 2022 - June 30, 2022	1,775	82.49	1,750	3,456
Total	4,248	\$ 82.25	4,188	\$ 3,456

⁽¹⁾ Shares acquired represent shares relinquished to the Company by certain employees for payment of taxes or option cost upon vesting of restricted stock units or option exercise.

⁽²⁾ In June 2022, the Company's Board of Directors approved a \$3.0 billion increase to the Company's existing stock repurchase program for its common stock. A remaining amount of approximately \$3.5 billion is available under the program as of June 30, 2022.

Item 6. Exhibits.

EXHIBIT NUMBER	DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation of Centene Corporation, dated April 27, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 30, 2021).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Centene Corporation, dated April 26, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 28, 2022).
3.3	Amended and Restated By-laws of Centene Corporation, effective April 26, 2022 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on April 28, 2022).
10.1*	Executive Employment Agreement between Centene Corporation and Sarah M. London, dated April 27, 2022.
10.2*	Executive Employment Agreement between Centene Corporation and Brent Layton, dated April 27, 2022.
10.3*	Executive Employment Agreement between Centene Corporation and Andrew Asher, dated April 28, 2022.
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Executive Vice President and Chief Financial Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Centene Corporation Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Earnings; (iv) the Consolidated Statements of Stockholders' Equity; (v) the Consolidated Statements of Cash Flows and (vi) related notes.
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101.

* Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized as of July 26, 2022.

CENTENE CORPORATION

By: /s/ SARAH M. LONDON
Chief Executive Officer
(principal executive officer)

By: /s/ ANDREW L. ASHER
Executive Vice President and Chief Financial Officer
(principal financial officer)

By: /s/ KATIE N. CASSO
Senior Vice President, Corporate Controller and Chief Accounting Officer
(principal accounting officer)

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (“Agreement”) is made as of April 27, 2022, by and between Centene Corporation (together with its successors and assigns, the “Company”), and Sarah M. London (“Executive”).

RECITALS

WHEREAS, the Company desires to continue to employ Executive as the Company’s Chief Executive Officer; and

WHEREAS, the Company and Executive mutually desire to set forth and agree to certain terms of Executive’s employment.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and conditions herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. **Employment and Term.** The Company hereby agrees to continue to employ Executive and Executive hereby accepts continued employment by the Company on the terms and conditions hereinafter set forth. Executive’s term of employment by the Company under this Agreement (the “Term”) commenced on March 21, 2022 (the “Effective Date”) and shall continue through the three-year anniversary of such date; provided, however, that the Term shall thereafter be automatically extended for unlimited additional one-year periods unless, at least ninety (90) days prior to the then-scheduled date of expiration of the Term, either (x) the Company gives written notice to Executive that it is electing not to so extend the Term or (y) Executive gives written notice to the Company that Executive is electing not to so extend the Term. Notwithstanding the foregoing, the Term may be earlier terminated in strict accordance with the provisions of Section 5 below, in which event Executive’s employment with the Company shall expire in accordance therewith.

2. **Position, Duties and Responsibilities; Location.**

2.1 **Position and Duties.** Executive shall be employed as Chief Executive Officer of the Company and shall serve as a member of the Company’s Board of Directors (the “Board”). Executive shall have, subject to the Company’s Bylaws and the direction of the Board, general overall authority and responsibility for the day-to-day management of the affairs and business of the Company and its subsidiaries, if any, and primary responsibility for the formulation, implementation and execution of strategic policies relating to the Company’s business operations, financial objectives and market growth. Executive shall have such duties, powers and authority as are commensurate with her position, including such other duties and responsibilities as are reasonably delegated to Executive, from time-to-time by the Board. Executive shall report solely and directly to the Board and, for the avoidance of doubt, shall not report to any specific member of the Board.

2.2 **Exclusive Services and Efforts.** Executive agrees to devote Executive’s best reasonable efforts, energies, and skill to the full discharge of the duties and responsibilities attributable to Executive’s position and, except as set forth herein, agrees to devote substantially all of Executive’s professional time and attention exclusively to the business and affairs of the Company. Notwithstanding

the foregoing, Executive may (a) serve on the boards of a reasonable number of trade associations and charitable organizations, (b) engage in charitable activities and community affairs, (c) manage Executive's personal investments and affairs and (d) subject to prior approval by the Board (which approval shall not be unreasonably withheld), serve on up to two (2) boards of directors of unaffiliated companies, so long as such activities do not, either individually or in the aggregate, materially interfere with the proper performance of Executive's duties and responsibilities hereunder.

3. Compensation.

3.1 Base Salary. During the Term, the Company hereby agrees to pay to Executive an annualized base salary (the "Salary") of One Million Four Hundred Thousand Dollars (\$1,400,000), less all applicable federal, state and local income and employment taxes and other required or elected withholdings and deductions, payable in equal installments on the Company's regularly-scheduled paydays as it is earned. Executive's Salary will be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee") and may be adjusted upward (in which case such increased amount shall be the "Salary" hereunder) or remain the same (but in no event shall the Salary be reduced). Notwithstanding the foregoing, the Company may reduce the Salary if such reduction is also applicable in a substantially similar manner and proportion to reductions to other senior executives of the Company generally.

3.2 Annual Bonus. For each calendar year that ends during the Term, Executive shall be entitled to receive an annual cash incentive award (the "Annual Bonus"). Executive's target Annual Bonus shall be no less than one hundred fifty percent (150%) of Executive's Salary. For purposes of calculating any Annual Bonus payable for 2022, Executive's Salary shall be calculated using the following proration formula:

$$((\text{Salary immediately prior to Effective Date})/365) \times 79) + ((\text{Salary on the Effective Date}/365) \times 286)$$

For each year, the Compensation Committee shall award the Annual Bonus based on an evaluation of performance and peer company compensation practices, taking into account Company and individual performance objectives. The Compensation Committee may award an Annual Bonus in excess of the target amount, and may grant a special bonus at any time. The Annual Bonus shall be paid in the calendar year following the year in which the services were performed, as soon as reasonably practicable following the Compensation Committee's approval thereof, but in no event later than March 15 of the year following the year in which services were performed.

3.3 Long-Term Incentive Awards. Executive shall be eligible for annual grants of long-term cash and equity compensation awards at the Company's good faith discretion, based upon the Compensation Committee's evaluation of her performance and peer company compensation practices (each, a "Long-Term Award"). The Long-Term Awards may consist of (a) a cash-based long-term incentive awards (the "Cash Awards") under the Company's 2007 Long-Term Incentive Plan, as amended, or successor-plan (the "LTIP"), and (b) service-based restricted stock units, performance-based restricted stock units and performance-based stock options (the "Equity Awards") issued under the Company's 2012 Stock Incentive Plan, as amended, or successor plan (the "Stock Plan"). Each Cash Award shall be subject to the terms of the LTIP and an award agreement to be executed by Executive and the Company, and each Equity Award shall be subject to the terms of the Stock Plan and award agreements to be executed by Executive and the Company; provided, that the terms of such awards shall be no less favorable than provided to other senior executives of the Company generally. Executive's annual target Long-Term Awards shall be not less than \$12,500,000. The Company may reduce the target

value of the Long-Term Awards if such reduction is also applicable in a substantially similar manner and proportion to reductions to other senior executives of the Company generally.

4. Employee Benefits.

4.1 Participation in Benefit Plans. During the Term, Executive shall be entitled to participate in such health, group insurance, welfare, pension, and other employee benefit plans, programs and arrangements as are made generally available from time to time to senior executives of the Company (which shall include customary life insurance and disability plans), such participation in each case to be on terms and conditions no less favorable to Executive than to other senior executives of the Company generally.

4.2 Fringe Benefits, Perquisites and Vacations. During the Term, Executive shall be entitled to participate in all fringe benefits and perquisites made available to other senior executives of the Company, such participation to be at levels, and on terms and conditions, that are commensurate with her position and responsibilities at the Company and that are no less favorable than those applying to other senior executives of the Company. In addition, Executive shall be entitled to twenty-five (25) days' paid vacation per calendar year (which, if not used, may be carried over from year to year).

4.3 Reimbursement of Expenses. The Company shall reimburse Executive for all reasonable business and travel expenses incurred in the performance of her job duties and the promotion of the Company's business, promptly upon presentation of appropriate supporting documentation and otherwise in accordance with the expense reimbursement policy of the Company.

4.4 Use of Company Aircraft. Executive shall be entitled to use aircraft operated by the Company (the "Company Aircraft"), to the extent such aircraft are reasonably available, (a) for business uses related to Executive's responsibilities with respect to the management of the Company's operations and (b) for reasonable personal uses, subject to the Company's priority for business purposes. The timing and amount of Executive's use of the Company Aircraft shall be at Executive's reasonable discretion but, in any event, shall be subject to reasonable limitations established by the Board. In no event shall Executive be permitted to use any Company Aircraft if and to the extent it would cause the Company's ability to deduct the use, ownership or operation of any Company Aircraft as an expense or otherwise to be impaired or lost.

5. Termination.

5.1 General. The Company may terminate Executive's employment for any reason or no reason, and Executive may terminate Executive's employment for any reason or no reason, in either case subject only to the terms of this Agreement. In the event of the termination of Executive's employment hereunder for any reason, Executive shall promptly resign from the Board, and any other position Executive then holds that is affiliated with the Company or that Executive was holding at the Company's request. For purposes of this Agreement, the following terms have the following meanings:

a. "Accrued Obligations" shall mean: (i) Executive's earned but unpaid Salary through the Termination Date; (ii) payment of any annual, long-term, or other incentive award earned in respect to any period ending on or before the Termination Date, or payable (but not yet paid) on or before the Termination Date; (iii) any unpaid expense or other reimbursements pursuant to Section 4.3 hereof, payable pursuant to the Company's expense reimbursement policies; and (iv) any rights, entitlements or

benefits to which Executive is or becomes (or Executive's dependents are or become) entitled in accordance with the terms of any Company Arrangement.

b. "Cause" shall mean (i) Executive is convicted of, or pleads guilty or nolo contendere to, a felony or a crime involving moral turpitude (other than Limited Vicarious Liability (as defined below)), which is economically or reputationally harmful to the Company; (ii) in carrying out Executive's duties hereunder, Executive engages in conduct that constitutes willful gross misconduct, or willful gross neglect and that, in either case, results in material economic or reputational harm to the Company, which Executive fails to cure within thirty (30) days following Executive's receipt of written notice from the Board of such misconduct; or (iii) Executive refuses to perform, or repeatedly fails to undertake good faith efforts to perform, the duties or responsibilities reasonably assigned to Executive (consistent with Section 2) by the Board, which non-performance has continued for thirty (30) days following Executive's receipt of written notice from the Board of such non-performance; provided, that, poor performance shall not in and of itself constitute Cause. No action or inaction shall be treated as willful unless done or not done in bad faith and without a reasonable belief it was in the best interests of the Company and its subsidiaries. Cause shall not occur as a result of actions or inactions based upon directions from the Board or advice of counsel to the Company. Executive shall not be terminated for Cause absent a resolution by the Board and the opportunity to be heard (with her counsel present if she so elects) before the Board. For purposes of this Section 5.1(b), "Limited Vicarious Liability" shall mean any liability which is (A) based on acts of the Company for which Executive is responsible solely as a result of her office(s) with the Company and (B) provided that (1) she was not directly involved in such acts and either had no prior knowledge of such intended actions or promptly acted reasonably and in good faith to attempt to prevent the acts causing such liability or (2) she did not have a reasonable basis to believe that a law was being violated by such acts.

c. "Change in Control" shall mean the first to occur of any of the following; provided, that for any distribution that is subject to Section 409A (as defined in Section 8.2), a Change in Control under this Agreement shall be deemed to occur only if such event also satisfies the requirements under Treas. Regs. Section 1.409A-3(i)(5):

i. any Person (as defined in section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such term is modified in sections 13(d) and 14(d) of the Exchange Act), excluding a group of persons including the Executive, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing forty percent or more of the combined voting power of the Company's then-outstanding securities;

ii. individuals who, as of January 1, 2022, constituted the Board (the "Incumbent Board"), cease for any reason to constitute a majority thereof (provided, however, that an individual becoming a director subsequent to January 1, 2022 whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the directors then comprising the Incumbent Board shall be included within the definition of Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual election contest (or such terms used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board); or

iii. the stockholders of the Company consummate a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in (x) the voting securities of

the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (i.e., the ultimate parent entity if one exists)) at least fifty percent of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (y) the members of the board of directors of the Company as of the time of the Board's approval of the execution of the initial agreement providing for such merger or consolidation continuing to represent a majority of the board of directors of the Company or such surviving entity (i.e., the ultimate parent entity if one exists) immediately after such merger or consolidation.

d. "Company Arrangement" shall mean any plan, program, agreement, corporate governance document or arrangement of the Company or any of its affiliates.

e. "Disability" shall mean that Executive has been unable, with or without reasonable accommodation and due to physical or mental incapacity, to substantially perform Executive's duties and responsibilities hereunder for one hundred eighty (180) consecutive days.

f. "Good Reason" shall mean the occurrence of any of the following events without Executive's express prior written consent: (i) a material diminution in Executive's authority, title, duties, responsibilities, or reporting lines (including failure by the Board to nominate Executive to the Board and support her election); (ii) a reduction in Executive's Salary, target Annual Bonus or target Long-Term Award (other than, prior to a Change in Control, any reduction that is also applicable in a substantially similar manner and proportion to the other senior executives of the Company generally, that is not in excess of an aggregate 10%); (iii) relocation of Executive's principal office, or principal place of employment, to a location that is more than thirty (30) miles from St. Louis, Missouri; (iv) a material breach by the Company or any of its affiliates of this Agreement or any material compensation agreement; or (v) at any time during the twenty-four (24)-month period following a Change in Control, Executive is no longer the Chief Executive Officer of a publicly-traded entity. A termination of employment by Executive with Good Reason shall be effectuated by giving the Company written notice ("Notice of Termination with Good Reason"), not later than thirty (30) days following Executive's knowledge of the occurrence of the circumstances that constitutes Good Reason, setting forth in reasonable detail the specific conduct of the Company that constitutes Good Reason. The Company shall be entitled, during the ten (10) day period following receipt of a Notice of Termination with Good Reason, to cure the circumstances that gave rise to Good Reason; provided that the Company shall be entitled to waive its right to cure or reduce the cure period by delivery of written notice to that effect to Executive (such ten (10) day or shorter period, the "Cure Period"). If, during the Cure Period, such circumstance is remedied, Executive will not be permitted to terminate employment for Good Reason as a result of such circumstances. If, at the end of the Cure Period, the circumstance that constitutes Good Reason has not been remedied, Executive will be entitled to terminate employment with Good Reason during the thirty (30) day period that follows the end of the Cure Period. If Executive does not terminate employment during such thirty (30) day period, Executive will not be permitted to terminate employment with Good Reason as a result of such event.

g. "Pro Rata Annual Bonus" shall mean an amount equal to (i) the greater of (x) Executive's target Annual Bonus for the calendar year during which Executive's employment hereunder terminated if Executive's employment hereunder had continued or (y) the average Annual Bonus earned by Executive for the two most recent calendar years for which an Annual Bonus had been determined, multiplied by (ii) a fraction, the numerator of which is the number of days Executive was employed hereunder during such year and the denominator of which is the number of days in such year; and

h. “Termination Date” shall mean the date on which Executive’s employment hereunder terminates in accordance with this Agreement (which, in the case of a notice of non-renewal of the Term in accordance with Section 1 hereof, shall mean the date on which the Term expires).

For purposes of calculating severance amounts or Pro Rata Annual Bonus under this Agreement no reductions made to Salary or Target Bonus which would otherwise constitute Good Reason or which were made within six (6) months prior to the Termination Date shall be taken into account.

5.2 Termination by the Company Without Cause, by Executive With Good Reason, or Due to the Company’s Non-Renewal of the Term. In the event that Executive’s employment is terminated by the Company without Cause, by Executive with Good Reason, or due to the Company’s non-renewal of the Term pursuant to Section 1 above, the Term shall expire on the Termination Date and the Company shall pay or provide to Executive the following payments and benefits:

a. an amount equal to (i) two (2) times (ii) the sum of (1) Executive’s Salary as in effect immediately prior to the Termination Date) and (2) the greater of Executive’s target Annual Bonus then in effect or the average Annual Bonus earned by Executive for the two most recent calendar years for which an Annual Bonus had been determined, such amount to be paid in a cash lump sum to Executive on the sixtieth (60th) day after the Termination Date;

b. a Pro-Rata Annual Bonus, such amount to be paid in a cash lump sum to Executive on the sixtieth (60th) day after the Termination Date;

c. a lump sum cash payment equal to the monthly COBRA costs of continued coverage for a period of twenty-four (24) months following the Termination Date under the Company’s welfare plans (including health, dental, prescription drug and vision), for Executive and, as applicable, Executive’s spouse and eligible dependents, less the amount Executive would be required to contribute for such coverage if Executive had remained an active employee during such twenty-four (24) month period, such payment to be made to Executive on the sixtieth (60th) day after the Termination Date;

d. (i) notwithstanding the terms of the award agreement, continued vesting of Executive’s performance-vested restricted stock units granted on March 29, 2022, with payout as soon as practicable following the termination of the performance period based on the Company’s performance and, (ii) continued vesting of Executive’s time-vested restricted stock units granted on September 7, 2021, in each case as if Executive had remained employed through all scheduled vesting dates;

e. unless more favorable treatment is provided in the applicable award, (i) immediate acceleration of the vesting of all time-vested equity and equity-based awards that would otherwise vest during the twenty-four (24) month period following the Termination Date; (ii) pro rata vesting and payment of all performance-based awards based upon adding an additional twenty-four (24) months service and then determining performance at the end of the applicable performance period based upon the greater of target or Company performance, with amounts payable when paid to other senior executives generally for such performance period and (iii) for all vested stock options (taking into account (i) above) granted after the Effective Date, the exercise period shall extend until the earlier of one (1) year following the Termination Date or the scheduled expiration date of such stock options; and

f. the Accrued Obligations.

5.3 Death and Disability. Executive's employment shall terminate in the event of Executive's death, and either Executive or the Company may terminate Executive's employment in the event of Executive's Disability (provided that no termination of Executive's employment hereunder for Disability shall be effective unless the party terminating Executive's employment first gives at least fifteen (15) days' written notice of such termination to the other party). In the event that Executive's employment hereunder is terminated due to Executive's death or Disability, the Term shall expire on the Termination Date and Executive and/or Executive's estate or beneficiaries (as the case may be) shall be entitled to the benefits described in Section 5.2(b), (c), (d), (e) and (f).

5.4 Termination by the Company For Cause, by Executive Without Good Reason, or Due to Executive's Non-Renewal of the Term. In the event that Executive's employment is terminated by Executive without Good Reason, by the Company for Cause, or due to Executive's non-renewal of the Term pursuant to Section 1 above, the Term shall expire as of the Termination Date and Executive shall be entitled only to the Accrued Obligations.

5.5 Due to Change in Control. In the event that, on the day of, within two (2) years following or one hundred twenty (120) days prior to a Change in Control (or otherwise at the request of any third party participating in or causing the Change in Control), Executive's employment is terminated by the Company without Cause, by Executive with Good Reason, or due to the Company's non-renewal of the Term pursuant to Section 1 above, then, in lieu of the payments otherwise due to Executive under Section 5.2 above, the Term shall expire on the Termination Date and the Company shall pay or provide to Executive:

a. an amount equal to (i) three (3) times (ii) the sum of (A) Executive's Salary as in effect immediately prior to the Termination Date (or, if greater, immediately prior to any event constituting Good Reason and (B) the greater of Executive's target Annual Bonus then in effect or the average Annual Bonus earned by Executive for the two most recent calendar years for which an Annual Bonus had been determined, such payment to be made in a cash lump sum to Executive on the sixtieth (60th) day after the Termination Date (or, if the Termination Date occurs prior to the Change in Control, upon the later of the sixtieth (60th) day after the Termination Date or the Change in Control);

b. a Pro-Rata Annual Bonus, such amount to be paid in a cash lump sum to Executive on the sixtieth (60th) day after the Termination Date;

c. a lump sum cash payment equal to the monthly COBRA costs of continued coverage for a period of thirty-six (36) months following the Termination Date under the Company's welfare plans (including health, dental, prescription drug and vision), for Executive and, as applicable, Executive's spouse and eligible dependents, less the amount Executive would be required to contribute for such coverage if Executive had remained an active employee during such thirty-six (36)-month period, such payment to be made to Executive on the sixtieth (60th) day after the Termination Date;

d. full vesting, exercisability and non-forfeitability, as applicable, as of the Termination Date, of any outstanding equity or equity-based awards and the exercise period for stock options granted after the Effective Date shall extend until the earlier of one (1) year following the Termination Date or the scheduled expiration date of such stock options; and

e. the Accrued Obligations.

The amounts payable pursuant to this Section 5.5 shall be reduced by any amounts previously paid to Executive pursuant to Section 5.2 and no duplication of payments shall occur.

5.6 Release. Executive's entitlement to the payments described in this Section 5 (other than the Accrued Obligations) is expressly contingent upon Executive first providing the Company with a signed mutual release of claims in substantially the form attached hereto as "Exhibit A" (the "Release"). In order to be effective, such Release must be (a) delivered by Executive to the Company no later than forty-five (45) days following the Termination Date and not revoked by Executive during the seven (7) day period following such delivery, and (b) counter-signed and returned by the Company to Executive within ten (10) days following the Company's receipt thereof; provided, however, that if Executive delivers the Release to the Company on a timely basis and the Company does not return a counter-signed Release during the applicable time period allowed, such Release of Executive shall be null and void and payments hereunder shall cease to be contingent on the Release and this Section 5.6.

6. Excess Parachute Payments.

6.1 If any payment or benefit (including payments and benefits pursuant to this Agreement) that Executive would receive in connection with a Change in Control from the Company or otherwise ("Transaction Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"); and (b) the net after-tax benefit (after giving effect to all federal, state and local taxes) that Executive would receive by reducing the Transaction Payments to three times the "base amount," as defined in Section 280G(b)(3) of the Code (the "Parachute Threshold"), is greater than the net after-tax benefit (after giving effect to all federal, state and local taxes, including any applicable excise taxes) Executive would receive if the full amount of the Transaction Payments were paid to Executive, then the Transaction Payments payable to Executive shall be reduced (but not below zero) so that the Transaction Payments due to Executive do not exceed the amount of the Parachute Threshold, reducing first any Transaction Payments under Section 5.5(a) and (b) hereof.

6.2 Unless Executive and the Company otherwise agree in writing, any determination required under this section shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. Subject to Section 7.4 of this Agreement, for purposes of making the calculations required by this section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Accountants shall provide detailed supporting calculations to the Company and Executive as requested by the Company or Executive at least thirty (30) days prior to the date the excise tax imposed by Section 4999 of the Code (including any interest, penalties or additions to tax relating thereto) is required to be paid by Executive or withheld by the Company. Executive and the Company shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this section. The Company shall bear all costs the Accountants may incur in connection with any calculations contemplated by this section as well as any costs incurred by Executive with the Accountants for tax planning under Sections 280G and 4999 of the Code.

7. Indemnification.

7.1 If Executive is made a party, is threatened to be made a party, or reasonably anticipates being made a party, to any Proceeding by reason of the fact that Executive is or was a director,

officer, shareholder, employee, agent, trustee, consultant or representative of the Company or any of its affiliates or is or was serving at the request of the Company or any of its affiliates, or in connection with Executive's service hereunder as a director, officer, shareholder, employee, agent, trustee, consultant or representative of another Person, or if any Claim is made, is threatened to be made, or is reasonably anticipated to be made, that arises out of or relates to Executive's service in any of the foregoing capacities, then Executive shall promptly be indemnified and held harmless to the fullest extent permitted or authorized by any Company Arrangement, or if greater, by applicable law, against any and all costs, expenses, liabilities and losses (including, without limitation, attorneys' and other professional fees and charges, judgments, interest, expenses of investigation, penalties, fines, excise taxes under the Employee Retirement Income Security Act of 1974 or penalties and amounts paid or to be paid in settlement) incurred or suffered by Executive in connection therewith or in connection with seeking to enforce Executive's rights under this Section 7.1, and such indemnification shall continue even if Executive has ceased to be a director, officer, shareholder, employee, agent, trustee, consultant or representative of the Company or other Person and shall inure to the benefit of Executive's heirs, executors and administrators.

7.2 A directors' and officers' liability insurance policy (or policies) shall be kept in place, during the Term and thereafter until the sixth (6th) anniversary of the Termination Date, providing coverage to Executive that is no less favorable to Executive in any respect than the coverage then being provided to any other current or former director or officer of the Company.

7.3 For purposes of this Agreement, the following terms shall have the following meanings: "Affiliate" of a Person shall mean any Person that directly or indirectly controls, is controlled by, or is under common control with, such Person; "Claim" shall mean any claim, demand, request, investigation, dispute, controversy, threat, discovery request, or request for testimony or information; "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, trust, estate, board, committee, agency, body, employee benefit plan, or other person or entity; and "Proceeding" shall mean any threatened or actual action, suit or proceeding, whether civil, criminal, administrative, investigative, appellate, formal, informal or other.

7.4 The Company hereby agrees that, for purposes of determining whether any parachute payment would be subject to the excise tax under Section 4999 of the Code (the "Excise Tax"), the non-compete set forth in Section 9.2 (the "Non-Compete Provision") shall be treated as an agreement for the performance of personal services. The Company hereby agrees to indemnify, defend, and hold Executive harmless from and against any adverse impact, tax, penalty, or excise tax resulting from the Company or Accountants' attribution of a value to the Non-Compete Provision that is less than the product of (i) the greater of (A) the total compensation amount that would be disclosed under Item 402(c) of Securities and Exchange Commission Regulation S-K if Executive had been a "named executive officer" of the Company in the year prior to the year of the event that triggers the Excise Tax or (B) an independent valuation of the Non-Compete Provision, multiplied by (ii) the duration of the Non-Compete Provision in years (this product, the "Post Change in Control Reasonable Compensation"), to the extent that use of such lesser amount results in a larger excise tax under Section 4999 of the Code than Executive would have been subject to had the Company or Accountants attributed a value to the Non-Compete Provision that is at least equal to the Post Change in Control Reasonable Compensation.

8. Other Tax Matters.

8.1 The Company shall withhold all applicable federal, state and local taxes, social security and workers' compensation contributions and other amounts as may be required by law with respect to compensation payable to Executive pursuant to this Agreement.

8.2 Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and applied so that the payment of the benefits, severance, incentive compensation and/or equity compensation set forth herein shall either be exempt from the requirements of Section 409A of the Code (“Section 409A”) or shall comply with the requirements of such provision. If the Company and Executive reasonably agree that this Agreement is not in compliance with Section 409A, the parties shall in good faith attempt to modify this Agreement to comply with Section 409A while endeavoring to maintain the intended economic benefits hereunder. Notwithstanding any provision of this Agreement to the contrary, if Executive is a “specified employee” within the meaning of Section 409A, any payments due upon a termination of Executive’s employment under any arrangement that constitutes a “deferral of compensation” within the meaning of Section 409A and which do not otherwise qualify under the exemptions under Treas. Regs. Section 1.409A-1 (including without limitation, the short-term deferral exemption or the permitted payments under Treas. Regs. Section 1.409A-1(b)(9)(iii)(A)), shall be delayed and paid or provided on the earlier of (i) the date which is six months after Executive’s “separation from service” (as such term is defined in Section 409A and the regulations and other published guidance thereunder) for any reason other than death, and (ii) the date of Executive’s death.

8.3 After any Termination Date, Executive shall have no duties or responsibilities that are inconsistent with having a “separation from service” within the meaning of Section 409A as of the Termination Date and, notwithstanding anything in the Agreement to the contrary, distributions upon termination of employment may only be made upon a “separation from service” as determined under Section 409A and such date shall be the Termination Date for purposes of this Agreement. Each payment under this Agreement or otherwise shall be treated as a separate payment for purposes of Section 409A. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement which constitutes a “deferral of compensation” within the meaning of Section 409A.

8.4 Any amounts otherwise payable to Executive following a termination of employment that are not so paid by reason of this Section 8 shall be paid as soon as practicable following, and in any event within thirty (30) days following, the date that is six months after Executive’s separation from service (or, if earlier, the date of Executive’s death). All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A.

8.5 To the extent that any reimbursements pursuant to Section 4.3 or otherwise are taxable to Executive, any reimbursement payment due to Executive pursuant to such Section shall be paid to Executive on or before the last day of the Executive’s taxable year following the taxable year in which the related expense was incurred. The reimbursements pursuant to Section 4.3 or otherwise are not subject to liquidation or exchange for another benefit and the amount of such reimbursements that Executive receives in one taxable year shall not affect the amount of such reimbursements that Executive receives in any other taxable year.

9. Restrictive Covenants.

9.1 Confidentiality.

(a) Company Information. Executive agrees at all times during the Term of this Agreement and thereafter, to hold in strictest confidence, and not to use, except in connection with the performance of Executive’s duties, and not to disclose to any person or entity without written

authorization of the Company, any Confidential Information of the Company. As used herein, “Confidential Information” means any Company proprietary or confidential information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customer lists and customers, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, marketing, distribution and sales methods and systems, sales and profit figures, finances and other business information disclosed to Executive by the Company, either directly or indirectly in writing, orally or by drawings or inspection of documents or other tangible property. However, Confidential Information does not include any of the foregoing items which has become publicly known and made generally available (or is otherwise known within the Company’s industry) through no wrongful act of Executive.

(b) Executive-Restricted Information. Executive agrees that during the Term of this Agreement Executive will not improperly use or disclose any proprietary or confidential information or trade secrets of any person or entity with whom Executive has an agreement or duty to keep such information or secrets confidential.

(c) Third Party Information. Executive recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company’s part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees at all times during the Term of this Agreement and thereafter, to hold in strictest confidence, and not to use, except in connection with the performance of Executive’s duties, and not to disclose to any person or entity, or to use it except as necessary in performing Executive’s duties, consistent with the Company’s agreement with such third party.

(d) Exceptions. Notwithstanding the foregoing provisions of Section 9.1, Executive may disclose information if required by applicable law or a court order or subpoena, requested by a governmental or self-regulatory organization or as reasonably necessary in connection with any legal process between Executive and the Company or any of its subsidiaries or Affiliates.

(e) Defend Trade Secrets Act Notice of Immunity Rights. Executive acknowledges that the Company has provided her notice of her immunity rights under the Defend Trade Secrets Act, which states: “(1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (2) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose a trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal, and (B) does not disclose a trade secret, except pursuant to court order.”

9.2 Non-Competition.

(a) Executive acknowledges that, during the Term, Executive has had access to information concerning the Company’s critical business strategies, engineering and technology development plans, competitive analyses, organizational structure. Accordingly, in consideration of the compensation provided under this Agreement, Executive agrees that during the Term and for the twenty-four (24)-month period thereafter (provided, that, in the event of a Change in Control this twenty-four (24) month period shall be reduced to twelve (12) months), Executive will not directly or indirectly, (i) own,

manage, operate, control (including indirectly through a debt or equity investment), provide services to, or be employed by, any person or entity engaged in any business that is (A) located in or provides services or products to a region in which the Company does business (or in which the Company has taken substantial steps to do business), and (B) competitive with the business activities of the Company as they existed during the period that Executive provided services to the Company (or with business activities in which the Company has taken substantial steps to engage); provided, that, following the Term this clause (i) shall only apply to business activities of the Company as they existed as of the Termination Date (or to business activities in which the Company has taken substantial steps to engage as of the Termination Date); (ii) solicit, induce, encourage, or attempt to induce or encourage any employee or consultant of the Company to terminate his or her employment or consulting relationship with the Company, or to breach any other obligation to the Company (other than advertising not specifically targeted at the Company's employees and serving as a reference upon request); or (iii) interfere with, disrupt, alter, or attempt to disrupt or alter the relationship, contractual or otherwise, between the Company and any consultant, contractor, customer, potential customer, or supplier of the Company. Notwithstanding the foregoing, Executive shall not violate this provision by owning on a passive basis not less than two percent (2%) of the equity of any entity or by providing services to a unit, division, subsidiary or affiliate of a private equity firm or conglomerate which otherwise engages in activities competitive with the business activities of the Company if such unit, division, subsidiary or affiliate for which Executive provides services does not engage in such business activities.

(b) Executive acknowledges that the restrictions contained under this Section 9.2 are reasonable and necessary to protect the legitimate interests of the Company, that the Company would not have executed this Agreement in the absence of such restrictions, and that any violation of any provision of this paragraph will result in irreparable injury to the Company. In the event the provisions under this Section 9.2 shall ever be deemed to exceed the time, scope or geographic limitations permitted by applicable laws, then such provisions shall be reformed to the maximum time, scope or geographic limitations, as the case may be, permitted by applicable laws.

9.3 Injunctive Relief. Executive agrees that it is impossible to measure in money the damages which will accrue to the Company by reason of a failure by Executive to perform any of Executive's obligations under this Section 9. Accordingly, if Company or any of its affiliates institutes any action or proceeding to enforce its rights under this Section 9, to the extent permitted by applicable law, Executive hereby waives the claim or defense that the Company or its affiliates has an adequate remedy at law, and Executive shall not claim that any such remedy at law exists.

10. Non-Disparagement. During and after the Term, Executive and the Company agree not to make any statement that criticizes, ridicules, disparages, or is otherwise derogatory of the other; provided, however, that nothing in this Agreement shall restrict either party from making truthful statements (a) when required by law, subpoena, court order or the like; (b) when requested by a governmental, regulatory, or similar body or entity; (c) in confidence to a professional advisor for the purpose of securing professional advice; (d) in the course of performing Executive's duties during the Term; (e) as reasonably appropriate pursuant to legal process between Executive and the Company; or (f) as reasonably necessary to correct false or misleading statements made by one party about the other.

11. Notices. Except as otherwise specifically provided herein, any notice, consent, demand or other communication to be given under or in connection with this Agreement shall be in writing and shall be deemed duly given when delivered personally, received by email or when transmitted by facsimile transmission, one (1) day after being deposited with Federal Express or other nationally recognized overnight delivery service or three (3) days after being mailed by first class mail, charges or postage prepaid, properly addressed, if to the Company, at its principal office, and, if to Executive, at Executive's

address set forth following Executive's signature below. Either party may change such address from time to time by notice to the other.

12. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Missouri, exclusive of any choice of law rules.

13. Arbitration; Legal Fees.

13.1 The Company and Executive waive their right to seek remedies in court, including any right to a jury trial. The Company and Executive agree that any dispute arising out of or relating to this Agreement, Executive's employment with the Company, or any termination of such employment, shall be resolved by binding arbitration to be conducted in St. Louis, Missouri in accordance with the Commercial Arbitration Rules (and not the National Rules for Resolution of Employment Disputes) of the American Arbitration Association and this Section 13. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

13.2 In the event of any material contest or dispute relating to this Agreement or the termination of Executive's employment hereunder, each of the parties shall bear its own costs and expenses, except that the Company agrees to promptly reimburse Executive for Executive's costs and expenses (including reasonable attorneys' fees and expenses) incurred by Executive in connection with such contest or dispute in the event Executive prevails on a material issue, as determined by the arbitrator if in arbitration, by the court, or as a separate arbitration if otherwise. The amount shall be paid within thirty (30) days of the award of the arbitration or court, which shall also specify the amount due.

14. Amendments; Waivers. This Agreement may not be modified or amended or terminated except by an instrument in writing, signed by Executive and a duly-authorized officer of the Company (other than Executive). By an instrument in writing similarly executed, either party may waive compliance by the other party with any provision of this Agreement that such other party was or is obligated to comply with or perform; provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity. To be effective, any written waiver must specifically refer to the condition(s) or provision(s) of this Agreement being waived.

15. Inconsistencies. In the event of any inconsistency between any provision of this Agreement and any provision of any Company Arrangement, the provisions of this Agreement shall control, unless Executive and the Company otherwise agree in a writing that expressly refers to the provision of this Agreement that is being waived.

16. Assignment. Except as otherwise specifically provided herein, neither party shall assign or transfer this Agreement nor any rights hereunder without the consent of the other party, and any attempted or purported assignment without such consent shall be void; provided, however, that any assignment or transfer pursuant to a merger or consolidation, or the sale or liquidation of all or substantially all of the business and assets of the Company shall be valid, so long as the assignee or transferee (a) is the successor to all or substantially all of the business and assets of the Company and (b) assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. Executive's consent shall not be required for any such transaction. This Agreement shall

otherwise bind and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, legatees, devisees, executors, administrators and legal representatives.

17. Voluntary Execution; Representations. Executive acknowledges that (a) he has consulted with or has had the opportunity to consult with independent counsel of Executive's own choosing concerning this Agreement and has been advised to do so by the Company; and (b) he has read and understands this Agreement, is competent and of sound mind to execute this Agreement, is fully aware of the legal effect of this Agreement, and has entered into it freely based on Executive's own judgment and without duress. Executive represents and covenants that Executive's employment hereunder and compliance with the terms and conditions hereof will not conflict with or result in the breach by Executive of any agreement to which he is a party or by which he may be bound, he had not violated and in connection with Executive's employment with the Company will not violated any non-solicitation or other similar covenant or agreement by which he is or may be bound, and in connection with Executive's employment with the Company he will not engage in any unauthorized use of any confidential or proprietary information he may have obtained in connection with Executive's employment with any other employer. The Company represents and warrants that it is fully authorized, by any person or body whose authorization is required, to enter into this Agreement and to perform its obligations under it.

18. Headings. The headings of the Sections and sub-sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

19. Beneficiaries/References. Executive shall be entitled, to the extent permitted under applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit hereunder following Executive's death by giving written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, references in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative.

20. Survivorship. Except as otherwise set forth in this Agreement, the respective rights and obligations of the parties shall survive any termination of Executive's employment.

21. Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but the invalidity or unenforceability of any provision or portion of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of this Agreement, including that provision or portion of any provision, in any other jurisdiction.

22. No Mitigation/No Offset. Executive shall be under no obligation to seek other employment or to otherwise mitigate the obligations of the Company under this Agreement, and there shall be no offset against amounts or benefits due to Executive under this Agreement or otherwise on account of any claim (other than any preexisting debts then due in accordance with their terms) the Company may have against Executive or any remuneration or other benefit earned or received by Executive after such termination.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. Signatures delivered by facsimile or PDF shall be effective for all purposes.

24. Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior or contemporaneous negotiations, correspondence, understandings and agreements between the parties, regarding the subject matter of this Agreement, including that certain Executive Severance and Change in Control Agreement entered into by and between Executive and the Company dated as of July 24, 2020. Unless otherwise specifically agreed by Executive and the Company, the definitions of Cause, Good Reason and Disability set forth herein shall replace the definitions of those terms applicable to Executive in any other agreement between the Company and Executive or any Company plan applicable to Executive and the restrictive covenants set forth in Section 9 herein shall replace the restrictive covenants applicable to Executive with respect to any Company equity award or other plan or agreement; provided, that, for purposes of forfeiture or clawback of any award, any shorter duration of covenant set forth in the applicable award agreement shall apply to such award.

25. IN WITNESS WHEREOF, this Agreement has been duly executed by or on behalf of the parties hereto as of the date first above written.

CENTENE CORPORATION:

By: /s/ H. ROBERT SANDERS

Name: H. Robert Sanders
Title: EVP, Global Human Resources

EXECUTIVE:

/s/ SARAH M. LONDON

Name: Sarah M. London
Title: Chief Executive Officer

EXHIBIT A

FORM OF GENERAL RELEASE OF ALL CLAIMS

THIS GENERAL RELEASE OF ALL CLAIMS (this "General Release"), dated as of _____, is made by and between Sarah M. London ("Executive") and Centene Corporation (together with its successors and assigns, the "Company").

WHEREAS, the Company and Executive are parties to that certain Employment Agreement, dated as of April 27, 2022 (the "Employment Agreement");

WHEREAS, Executive's employment with the Company has been terminated and Executive is entitled to receive severance and other benefits, as set forth in Section 5 of the Employment Agreement subject to the execution of this General Release;

WHEREAS, in consideration for Executive's signing of this General Release, the Company will provide Executive with such severance and benefits pursuant to the Employment Agreement; and

WHEREAS, except as otherwise expressly set forth herein, the parties hereto intend that this General Release shall effect a full satisfaction and release of the obligations described herein owed to Executive by the Company and to the Company by Executive.

NOW, THEREFORE, in consideration of the premises, the mutual covenants of the parties hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Executive, for Executive, Executive's spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other individuals and entities claiming through Executive, if any (collectively, the "Executive Releasers"), does hereby release, waive, and forever discharge the Company and each of its respective agents, subsidiaries, parents, affiliates, related organizations, employees, officers, directors, attorneys, successors, and assigns in their capacities as such (collectively, the "Employer Releasees") from, and does fully waive any obligations of Employer Releasees to Executive Releasers for, any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, which heretofore has been or which hereafter may be suffered or sustained, directly or indirectly, by Executive Releasers in consequence of, arising out of, or in any way relating to: (a) Executive's employment with the Company; (b) the termination of Executive's employment with the Company; (c) the Employment Agreement; or (d) any events relating to Executive's employment occurring on or prior to the date of this General Release. The foregoing release and discharge, waiver and covenant not to sue includes, but is not limited to, all waivable claims and any obligations or causes of action arising from such claims, under common law including wrongful or retaliatory discharge, breach of contract (including but not limited to any claims under the Employment Agreement other than claims for unpaid severance benefits, bonus or Salary earned thereunder) and any action arising in tort including libel, slander, defamation or intentional infliction of emotional distress, and claims under any federal, state or local statute including the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the National Labor Relations Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, or the discrimination or employment laws of any state or municipality, and/or

any claims under any express or implied contract which Executive Releasees may claim existed with Employer Releasees. This also includes a release of any claims for wrongful discharge and all claims for alleged physical or personal injury, emotional distress relating to or arising out of Executive's employment with the Company or any of its subsidiaries or affiliates or the termination of that employment; and any claims under the WARN Act or any similar law, which requires, among other things, that advance notice be given of certain work force reductions. Notwithstanding anything contained in this Section 1 above to the contrary, nothing contained in herein shall constitute a release by any Executive Releaser of any of his, her or its rights or remedies available to him, her or it, at law or in equity, related to, on account of, in connection with or in any way pertaining to the enforcement of: (i) any right to indemnification, advancement of legal fees or directors and officers liability insurance coverage existing under the constituent documents of the Company or applicable state corporate, limited liability company and partnership statutes or pursuant to any agreement, plan or arrangement; (ii) any rights to the receipt of employee benefits which vested on or prior to the date of this General Release; (iii) the right to receive severance and other benefits under the Employment Agreement; (iv) the right to continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act; (v) any equity rights; or (vi) this General Release or any of its terms or conditions.

2. Excluded from this General Release and waiver are any claims which cannot be waived by applicable law, including but not limited to the right to participate in an investigation conducted by certain government agencies. Executive does, however, waive Executive's right to any monetary recovery should any government agency (such as the Equal Employment Opportunity Commission) pursue any claims on Executive's behalf. Executive represents and warrants that Executive has not filed any complaint, charge, or lawsuit against the Employer Releasees with any government agency or any court.

3. Executive agrees never to seek personal recovery from any Employer Releasee in any forum for any claim covered by the above waiver and release language, except that Executive may bring a claim under the ADEA to challenge this General Release. If Executive violates this General Release by suing an Employer Releasee (excluding any claim by Executive under the ADEA or as otherwise set forth in Section 1 hereof), then Executive shall be liable to the Employer Releasee so sued for such Employer Releasee's reasonable attorneys' fees and other litigation costs incurred in defending against such a suit. Nothing in this General Release is intended to reflect any party's belief that Executive's waiver of claims under ADEA is invalid or unenforceable, it being the intent of the parties that such claims are waived.

4. The Employer Releasees do hereby release, waive, and forever discharge Executive, Executive's heirs, personal representatives and assigns, and any and all other persons or entities that are now or may become liable to any Employer Releasee due to Executive's act or omission (all of whom are collectively referred to as "Executive Releasees"), from, and do fully waive any obligations of Executive Releasees to Employer Releasees for, any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, that the Employer Releasees, or any person acting under any of them, may now have, or claim at any future time to have, based in whole or in part upon any act or omission occurring from the beginning of time through the date of execution of this General Release.

5. Each party agrees that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by any party of any improper or unlawful conduct.

6. Each party acknowledges and recites that he or it has:

- (a) executed this General Release knowingly and voluntarily;
- (b) had a reasonable opportunity to consider this General Release;
- (c) read and understands this General Release in its entirety;
- (d) been advised and directed orally and in writing (and this subparagraph (d) constitutes such written direction) to seek legal counsel and any other advice such party wishes with respect to the terms of this General Release before executing it; and
- (e) relied solely on such party's own judgment, belief and knowledge, and such advice as such party may have received from such party's legal counsel.

7. Section 13 of the Employment Agreement, which shall survive the expiration of the Employment Agreement for this purpose, shall apply to any dispute with regard to this General Release.

8. Executive acknowledges and agrees that (a) Executive's execution of this General Release has not been forced by any employee or agent of the Company, and Executive has had an opportunity to negotiate the terms of this General Release; and (b) Executive has been offered twenty-one (21) calendar days after receipt of this General Release to consider its terms before executing it. Executive shall have seven (7) calendar days from the date he executes this General Release to revoke Executive's waiver of any ADEA claims by providing written notice of the revocation to the Company, as provided in Section 11 of the Employment Agreement.

9. Capitalized terms used but not defined in this General Release have the meanings ascribed to such terms in the Employment Agreement.

10. This General Release may be executed by the parties in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument. Each counterpart may be delivered by facsimile transmission or e-mail (as a .pdf, .tif or similar un-editable attachment), which transmission shall be deemed delivery of an originally executed counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the day and year first above written.

CENTENE CORPORATION:

By:

Name:
Title:

EXECUTIVE:

Name: Sarah M. London

EXECUTIVE EMPLOYMENT AGREEMENT

In this Executive Employment Agreement, dated as of April 27, 2022 (the “Agreement”), Centene Corporation (the “Company”), and Brent Layton (the “Executive”), intending to be legally bound and for good and valuable consideration, agree as follows:

1. Term.

a. The Executive’s employment hereunder shall begin on January 1, 2022 and shall continue until December 31, 2024 (the “Employment Term”), unless terminated earlier pursuant to Section 5 of this Agreement.

2. Position and Duties.

a. Position. During the Employment Term, the Executive shall serve as the President & Chief Operating Officer of the Company, reporting to the Chief Executive Officer . In such position, the Executive shall have such duties, authority, and responsibilities as shall be determined from time to time by Chief Executive Officer , which duties, authority, and responsibilities are consistent with the Executive’s position.

b. Duties. During the Employment Term, the Executive shall devote all of the Executive’s business time and attention to the performance of the Executive’s duties hereunder and shall not engage in any other business, profession, or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly without the prior written consent of the Board of Directors of the Company (the “Board”). Notwithstanding the foregoing, the Executive may serve on trade, civic or charitable boards and may manage personal investments and affairs to the extent such activities do not materially interfere with the performance of the Executive’s duties and responsibilities hereunder. Subject to prior approval by the Board, the Executive may also serve on the boards of directors of two approved public companies that do not compete, as described in Section 11(d), with the Company to the extent such activities do not materially interfere with the performance of the Executive’s duties and responsibilities hereunder. The parties agree that the board of directors of Sharecare, Inc. will be one of the two approved public companies.

c. Place of Performance. The principal place of the Executive’s employment will be the Company’s principal executive office currently located in St. Louis, Missouri or such other location as determined by the Executive and agreed by the Company; provided that, the Executive may be required to travel on Company business during the Employment Term.

3. Compensation.

a. Base Salary. The Company shall pay the Executive an annual base salary of \$1,100,000 in periodic installments in accordance with the Company’s customary payroll practices and applicable wage payment laws, but no less frequently than monthly. The Executive’s base salary shall be reviewed at least annually by the Compensation Committee of the Board (the “Compensation Committee”) and the Compensation Committee may, but shall not be required to, increase the base salary during the

Employment Term. However, the Executive's base salary may not be decreased during the Employment Term other than as part of an across-the-board salary reduction that applies in the same manner to all senior executives. The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "Base Salary."

b. Annual Bonus. During the Employment Term, the Executive shall be eligible to receive an annual bonus (the "Annual Bonus"). The Executive's annual target bonus opportunity shall be equal to 150% of the Executive's Base Salary (the "Target Bonus") with the potential to earn up to 200% of the Target Bonus, each based on the achievement of performance goals established and evaluated by the Compensation Committee. The Annual Bonus, if any, shall be paid within two and a half (2 1/2) months after the end of the year during which the Annual Bonus is earned.

c. 2022 Long-Term Incentive Compensation. With respect to the Executive's 2022 long-term incentive compensation, the Executive shall be eligible to receive: (i) cash-based awards under the Company's 2007 Long-Term Incentive Plan, as amended (the "LTIP"), equal to 150% of the Executive's Base Salary (the "Cash Award") (which, for the avoidance of doubt, were granted in December of 2021); and (ii) equity awards under the Company's 2012 Stock Incentive Plan, as amended (the "Stock Plan"), in the amount of \$2,600,000 which will be awarded in April of 2022 (the "April 2022 RSUs"). Sixty percent (60%) of the April 2022 RSUs shall be subject to performance-based vesting, and forty percent (40%) of the April 2022 RSUs shall be subject to time-based vesting. For the avoidance of doubt, the April 2022 RSUs shall be in addition to the Cash Award. The Cash Award shall be subject to the terms of the LTIP and an award agreement to be executed by the Executive and the Company, and the April 2022 RSUs shall be subject to the terms of the Stock Plan and award agreements to be executed by the Executive and the Company.

d. 2023 Long-Term Incentive Compensation. With respect to the Executive's 2023 long-term incentive compensation, the Executive shall be awarded equity awards under the Stock Plan in the amount of \$2,600,000 in March of 2023 in the form of time-vested and performance-vested restricted stock units (the "March 2023 RSUs"). The percentages of the March 2023 RSUs subject to time-based and performance-based vesting shall be determined by the Compensation Committee in its sole discretion, but shall be consistent with the percentages assigned to awards granted in the same performance cycle to similarly-situated executives of the Company. The March 2023 RSUs shall be subject to the terms of the Stock Plan and award agreements to be executed by the Executive and the Company. For the avoidance of doubt, the Executive shall not be eligible for a cash-based award under the LTIP for 2023.

e. Terms of 2022 RSUs and 2023 RSUs. If the Executive remains actively employed through the last day of the Employment Term, the Executive shall fully vest in the April 2022 RSUs and the March 2023 RSUs, provided that, in each case, any distributions or payments made with respect to such units shall be distributed or paid to the Executive at the time provided under the applicable grant or award agreement. For avoidance of doubt, the acceleration of vesting described in this Section 3(e) shall have no effect on when the April 2022 RSUs and the March 2023 RSUs will be distributed, and both the April 2022 RSUs and the March 2023 RSUs shall be distributed in accordance with the terms of the respective award agreements. This acceleration of vesting shall not apply to any equity awards except the April 2022 RSUs and the March 2023 RSUs.

Neither the April 2022 RSUs nor the March 2023 RSUs shall offer accelerated vesting in the event the Executive terminates employment on account of a Qualified Retirement, which for these purposes shall mean a retirement made pursuant to a bona-fide notice of retirement made ninety (90) days in advance by the Executive who is at least fifty-five (55) years old and has been employed by the Company for at least ten (10) years.

4. Employee Benefits. The Executive and/or the Executive's dependents, as the case may be, shall participate in employee and executive retirement, medical, dental, vision, disability, group and/or executive life, accidental death and travel accident insurance, and similar benefit plans and programs of the Company, subject to the terms and conditions thereof, as in effect from time to time with respect generally to senior executives employed by the Company. The Executive shall be entitled to be paid these benefits upon termination in accordance with the terms of the applicable employee benefit plans, or, if not governed by ERISA, pursuant to the policies and practices of the Company as in effect from time to time with respect to senior executives employed by the Company.

5. Severance Pay. The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, either party shall be required to give the other party at least sixty (60) days' advance written notice of any termination of the Executive's employment. Should the Executive's employment with the Company be terminated due to a Qualifying Termination that is not a Change in Control Termination before the Employment Term ends, as defined pursuant to Section 1, in addition to the Accrued Obligations, the Company agrees to pay or provide the following compensation and benefits during the severance period and the Executive shall have no further rights to any compensation or any other benefits from the Company:

a. Severance pay to the Executive in the form of twelve (12) months of salary continuation determined using the Executive's then-current Base Salary (disregarding any reduction constituting Good Reason).

b. A prorated Annual Bonus for the year in which the Executive's date of termination occurs based on the degree of achievement of goals under the bonus program in effect at the time of termination and the portion of the year elapsed as of the date of termination. The degree of achievement of goals shall be determined in accordance with the bonus program, except that should any goals be of a subjective nature, the degree of achievement therefore shall be determined by the Company in its sole discretion. Any such bonus amount shall be paid in a single, lump sum payment at the same time as Annual Bonuses for the year are paid to the Company's officers generally.

c. Subject to Section 11, during the twelve (12) month period of salary continuation described in (a) above, the Company shall pay for a portion of the health and dental insurance continuation coverage (collectively "Medical Coverage") to which the Executive is entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), subject to the Executive's timely election of COBRA healthcare continuation coverage. For such twelve (12) month period, the terminated the Executive shall be responsible to pay contributions for Medical Coverage provided under this Section 5(c) in the same amount as is charged to similar active employees for similar coverage, rather than

the full COBRA premium amount, and the Company shall pay the remainder of the COBRA premium amount.

d. Subject to Section 11, if the Executive's Qualifying Termination occurs during the Employment Term, the Executive will become fully vested with respect to the Cash Award, the April 2022 RSUs and the March 2023 RSUs. The Executive's remaining cash and equity awards, if any, shall remain subject to the vesting and forfeiture terms set forth in their award agreements.

e. If the Executive is a "specified employee" (within the meaning of Code Section 409A(a)(2)(B)(i)) of the Company at the time of the Executive's Qualifying Termination and if the separation payments under this Section 5 are on account of an "involuntary separation of service" (as defined in Treasury Regulation Section 1.409A-1(n)), the Executive shall receive payments during the six (6) month period immediately following the date of the Executive's Qualifying Termination as otherwise provided under this Section 5 for such six (6) month period, except that the total amount of such payments shall not exceed the lesser of the amount specified under (x) Treasury Regulation Section 1.409A-1(9)(iii)(A)(1) or (y) Treasury Regulation Section 1.409A-1(9)(iii)(A)(2) or any successor regulations. To the extent the amounts otherwise payable during such six (6) month period under this Section 5 exceed the amounts payable under the immediately preceding sentence, such excess amounts shall be paid in single sum on the first regular payroll date of the Company immediately following the six (6) month anniversary of the date of such Qualifying Termination. If the Company reasonably determines that such termination is not an involuntary separation from service, amounts that would otherwise have been paid during the six (6) month period immediately following the date of the Executive's Qualifying Termination under this Section 5 shall be paid in a single sum on the first payroll date of the Company immediately following the six (6) month anniversary of the Executive's Qualifying Termination. This Section 5(e) shall not apply to payments under Section 5(c).

f. If amounts are payable under this Section 5, no additional amounts shall be payable under Sections 4 or 7 of this Agreement, nor any other agreement between the parties, which shall include, and not be limited to, any Executive Severance and Change Control Agreement as well as any severance pay plan generally maintained by the Company for its employees.

g. If the Executive remains actively employed through the last day of the Employment Term, the provisions of this Section 5 shall not apply.

6. Change in Control. The Company shall pay to the Executive the severance described in Section 7 if the Executive's employment with the Company and all its subsidiaries is terminated under the circumstances described below (a "Change in Control Termination"):

a. The Executive's termination of employment was a Qualifying Termination that occurred:

i. On the day of, or within twenty-four (24) months after, the occurrence of a Change in Control; or

- ii. Prior to a Change in Control but at the request of any third party participating in or causing the Change in Control.

7. Change in Control Severance Pay. In the event of a Change in Control Termination prior to the end of the Employment Term, as defined pursuant to Section 1, in addition to the Accrued Obligations, the Company agrees to provide the Executive the following:

a. Severance pay equal to the product of (x) the sum of (i) the Executive's Base Salary, plus (ii) the average of the last two (2) Annual Bonuses paid to the Executive during the two (2) most recently completed full fiscal years of the Company, multiplied by (y) two (2). Such amount shall be paid in an undiscounted lump sum. For purposes of calculating the amount of severance in this Section 7(a) and Section 7(b) due as a result of a Change in Control Termination, the Executive's Base Salary shall be based on the highest amount of such Base Salary during the two (2) year period ending on the date of termination.

b. A prorated Target Bonus (based on the Executive's position and as determined by the Compensation Committee) for the year in which such termination occurs.

c. During the eighteen (18) month period following the Change in Control Termination, the Company shall pay for the Executive's entire Medical Coverage to which the Executive is entitled under COBRA. If the Company purchased a life insurance policy for the benefit of the Executive's beneficiaries prior to the Change in Control, the Company shall continue to maintain and pay all expenses associated with the corporate-owned life insurance policy for the remainder of the Executive's life.

d. Any stock awards, stock options, stock appreciation rights or other equity-based awards that were outstanding immediately prior to the Change in Control Termination shall, to the extent not then vested, fully vest and become exercisable as of the date of the Change in Control Termination and the Executive shall have the right to exercise any such stock option, stock appreciation right, or other exercisable equity-based award until the earlier to occur of (i) one (1) year from the date of the Change in Control Termination and (ii) the expiration date of such stock option, stock appreciation right or other equity-based award as set forth in the agreement evidencing such award.

e. If the Executive is a "specified employee" (within the meaning of Code Section 409A(a)(2)(B)(i)) of the Company at the time of the Executive's Change of Control Termination and if the separation payment under this Section 7 is on account of an "involuntary separation of service" (as defined in Treasury Regulation Section 1.409A-1(n)), the Executive shall receive a payment immediately following the date of the Executive's Change of Control Termination as otherwise provided under this Section 7 except that such payment shall not exceed the lesser of the amount specified under (x) Treasury Regulation Section 1.409A-1(9)(iii)(A)(1) or (y) Treasury Regulation Section 1.409A-1(9)(iii)(A)(2) or any successor regulations. To the extent the amount otherwise payable immediately following the Change in Control under this Section 7 exceeds the amount payable under the immediately preceding sentence, such excess amount shall be paid in single sum on the first regular payroll date of the Company immediately following the six (6) month anniversary of the date of such Change on Control Termination. If the

Company reasonably determines that such termination is not an involuntary separation from service, the amount that would otherwise have been paid immediately following the date of the Executive's Change of Control Termination under this Section 7 shall be paid in a single sum on the first payroll date of the Company immediately following the six (6) month anniversary of the Executive's Change in Control Termination. This Section 7(e)) shall not apply to payments under Section 7(a) for Medical Coverage and life insurance.

f. If amounts are payable under this Section 7, no amounts shall be payable under Section 5 or 6 of this Agreement, nor any other agreement between the parties, which shall include, and not be limited to, any Executive Severance and Change in Control Agreement as well as any severance pay plan generally maintained by the Company for its employees.

8. Adjustments. If, for any reason, any part or all of the amounts payable to the Executive under this Agreement (or otherwise, if such amounts are in the nature of compensation paid or payable by the Company or any of its subsidiaries after there has been a Change in Control) (collectively "Total Payments") are deemed to be "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code or any successor or similar provision, and would be subject to the excise tax imposed by Section 4999 of the Code or any successor or similar provision, such Total Payments shall be reduced to the extent necessary such that no amounts paid or payable to the Executive shall be deemed excess parachute payments subject to excise tax under Section 4999 of the Code; provided, however, that no such reduction shall occur if (i) the net amount of such Total Payments as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is less than (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such unreduced Total Payments and the amount of excise taxes to which the Executive would be subject in respect of such unreduced Total Payments). All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determination shall be made by an independent, nationally recognized accounting firm designated by the Company (the "Auditor"). The Auditor shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive or the Company that there has been a payment or such earlier time as is requested by the Company. All fees and expenses of the Auditor shall be paid by the Company. All determinations made by the Auditor shall be binding upon the Company and the Executive.

9. Cooperation. The parties agree that certain matters in which the Executive shall be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities.

10. Conditions. Any payments or benefits made or provided pursuant to this Agreement, and the Executive's right to keep such payments and benefits, are subject to the Executive's:

- i. compliance with the provisions of Section 11 hereof;
-

- ii. delivery to the Company of an executed full and complete release of claims, on a form then acceptable to the Company, with such terms as needed under then applicable law to give full effect to its intent and purpose (the "Release"); and
- iii. delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans.

Notwithstanding the due date of any post-employment payments, any amounts due under this Agreement shall not be due until after the expiration of any revocation period applicable to the Release. Nevertheless, upon any termination of the Executive's employment, the Executive shall be entitled to receive the Accrued Obligations, payable within thirty (30) days after the date of termination or in accordance with the applicable plan, program or policy.

11. Executive's Covenants. The Executive acknowledges that the above consideration, absent this Agreement, is beyond what the Company is obligated to pay. In consideration for the Executive's employment, the opportunity for the payments and benefits specified in this Agreement, and the Company allowing the Executive to have access (or continue to have access) to the Company's or its Affiliates' Confidential Information, the Executive agrees to the following, which shall continue to apply in the event the Executive's employment is terminated by either party for any reason, whether voluntary or involuntary and whether with or without Cause or with or without Good Reason:

a. Confidential Information. As used in this Section 11, "Confidential Information" shall mean the Company's and the Affiliates' trade secrets and other non-public proprietary information relating to the Company and the Affiliates or the business of the Company and the Affiliates, including, but not limited to, information relating to financial statements, customer lists and customer information, employee skills and compensation, employee data, supplier lists and supplier information, vendor lists and vendor information, acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, marketing plans and strategies, new and proposed product plans; pricing, profit margins, financial, promotional, marketing, training or operational information, customer lists and customer information, and other information developed or used by the Company that is not known generally to the public or the industry. Confidential Information shall not include any information that is in the public domain or becomes known in the public domain through no wrongful act on the part of the Executive.

b. Non-Disclosure. The Executive agrees that the Confidential Information is a valuable, special and unique asset of the Company's business, that such Confidential Information is important to the Company and the effective operation of the Company's business. As such and in addition to the other restrictions contained in this Section 11, the Executive shall not, either during the Executive's employment with the Company and at all times thereafter, directly or indirectly use, disclose, divulge or communicate in any fashion, form or manner to any person, firm, partnership, corporation or other entity, or use for the Executive's own benefit, any trade secrets (whether patentable or not) or any Confidential Information except to the limited extent that such disclosure or use is both authorized and reasonably required in connection with the Executive's employment.

- i. Defend Trade Secrets Act Notice to Executive. Notwithstanding the foregoing and any other terms of this Agreement, the Executive will not be held criminally or civilly liable under any Federal or State trade
-

secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if the Executive files a lawsuit for retaliation by the Company or any of its Affiliates for reporting a suspected violation of law, the Executive may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding if the Executive files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

c. Property of Company. Any Confidential Information, and all other business information or documents, shall be and remain solely and exclusively the property of the Company and/or its Affiliates. During his or her employment, the Executive shall not remove from the property or premises of the Company or its Affiliates any Confidential Information or any other documents or data relating to the business, work, services or sales of the Company and/or its Affiliates, or copies thereof, unless authorized by the Company and/or its Affiliates and required for the Executive to perform his or her employment duties. Upon the termination of the Executive's employment (regardless of whether such termination is with or without Cause or with or without Good Reason, or at any other time requested by the Company or its Affiliates, the Executive shall promptly deliver all documents, files, devices and other items (whether maintained in electronic or hard copy format) obtained in the course of his or her employment, whether or not the Executive believes such items constitute or contain Confidential Information, and without retaining any copies, notes, or excerpts thereof.

d. Non-Competition; Non-Solicitation.

i. During the Employment Term and for twenty four (24) months after the termination of the Executive's employment with the Company (including any parent, subsidiary, affiliate or division of the Company) for any reason whatsoever, whether voluntary or involuntary and whether with or without Cause or with or without Good Reason, the Executive shall not directly or indirectly invest in (other than in a publicly traded company with a maximum investment of no more than one percent (1%) of outstanding shares), counsel, advise, consult, be employed or otherwise engaged by or with any entity or enterprise ("Competitor") that competes, or that intends or plans to compete with the Marketplace health insurance market in which the Company is engaged or in which any Affiliate is engaged, and in which the Executive was engaged, participated in or about which the Executive learned Confidential Information during the Executive's last thirty-six (36) months of employment. Because the Company and its Affiliates engage in business nationwide, the obligations under this Section 11(d) shall apply nationwide (anywhere in the United States). Without in any way limiting the foregoing (and without in any way limiting the definition of "Competitor" above), for these purposes, the

parties agree that the following entities and their affiliates and successors shall be deemed “Competitors” for the purposes of this Section 12(d): UnitedHealthcare Group, Molina Healthcare, Anthem, CVS Health, Humana, Cigna, CareSource, AmericaHealth Caritas, Bright Health, Friday Health Plans, Oscar Health, Blues of Carolina, Florida Blue, HCSC and Highmark Blue Cross and Blue Shield.

- ii. During the Employment Term and for the period of twenty four (24) months immediately after the termination of the Executive’s employment with the Company (or any parent, subsidiary, affiliate or division of the Company) for any reason whatsoever, and whether voluntary or involuntary, and whether with or without Cause or with or without Good Reason (the “Restricted Period”), the Executive shall not, either directly or indirectly, either for the Executive or for any other person, firm, company or corporation, call upon, solicit, divert, or take away, or attempt to solicit, divert or take away any of the customers, prospective customers, business, providers, vendors or suppliers of the Company or of any Affiliate that (at any time during the last three years of the Executive’s employment) the Executive had dealings with, or responsibility for, or about which the Executive had access to the Company’s or any Affiliate’s Confidential Information or such customers’, providers’, vendors’ or suppliers’ confidential information.
- iii. The Executive shall not, at any time during the Restricted Period, without the prior written consent of the Company, (1) directly or indirectly, solicit, recruit, divert from the Company, hire, or employ (whether as an employee, officer, director, agent, consultant or independent contractor) any person who was or is at any time during the previous six (6) months an employee, representative, officer or director of the Company or of any Affiliate; or (2) take any action to encourage or induce any employee, representative, officer or director of the Company or any Affiliate to cease their relationship with the Company or any Affiliate for any reason.

e. Non-Disparagement. The Executive agrees and covenants that the Executive shall not at any time make, publish, or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning the Company or its businesses, or any of its employees, officers, and existing and prospective customers, suppliers, investors and other associated third parties. Notwithstanding the foregoing, this does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. Moreover, nothing in this Section 11, or otherwise in this Agreement, in anyway limits the rights of any governmental agency or prevents the Executive from truthfully communicating with, filing a charge or complaint with, cooperating with, or otherwise participating in an investigation or proceeding conducted by any federal, state or local agency charged with the enforcement of any laws.

f. Enforcement. If any of the provisions or subparts of this Section 11 shall be held to be invalid or unenforceable by a court or arbitrator, the remaining provisions or subparts thereof shall nevertheless continue to be valid and enforceable according to their terms. Further, if any restriction contained in the provisions or subparts of this Section 11 is held to be overbroad or unreasonable as written (for example, in scope of activities restricted, duration, or geographic reach), the parties agree that such court or arbitrator shall modify such provisions in a manner to reflect the maximum period, scope or geographical area deemed reasonable and enforceable by the court or arbitrator, and such provisions, as modified, shall be fully enforceable as though set forth herein. Any such modification shall not affect the other provisions or clauses of this Agreement in any respect.

g. Remedies for Breach.

- i. Because the Executive's services are unique and because the Executive has access to the Company's and its Affiliates' Confidential Information, the parties agree that any breach or threatened breach of this Section 11 shall cause irreparable harm to the Company and/or its Affiliates and that money damages alone would be an inadequate remedy. The parties therefore agree that, in the event of any breach or threatened breach of this Section 11, and in addition to all other rights and remedies available to it under this Agreement or otherwise, and whether in equity or at law, the Company and/or its Affiliates may apply for specific performance and/or injunctive or other relief, without a bond, in order to enforce or prevent any violations of the provisions of this Section 11.
 - ii. The Executive acknowledges and understands that, but for agreeing to be bound to the provisions of this Section 11, the Executive would not be entitled to receive the benefits and payments promised by the Company pursuant to Section 6, including all subparts thereto. The Executive agrees that any breach of this Section 11 would constitute a material breach of this Agreement and subjects the Executive to the forfeiture of all payments made pursuant to Section 6 of this Agreement. The Company expressly reserves the right to pursue all other legal and equitable remedies available to it by virtue of any breach of this Section 11, including without limitation injunctive relief as provided in Section 11(g)(i) above.
 - iii. The Executive acknowledges and agrees that the remedies provided for in this Section 11(g) are cumulative and not exclusive of any and other remedies available under this Agreement or otherwise, and whether in equity or at law, including other remedies provided under agreements related to bonuses and equity and equity-based awards. In that regard, the Executive acknowledges and agrees that, while the forfeiture of payments and benefits referenced in Section 11(g) is appropriate in the event of a breach of Section 11, injunctive relief to prevent a continuing breach would still be necessary to give the Company an adequate remedy.
-

h. Survival. The provisions of this Section 11 shall survive and continue in full force in accordance with their terms notwithstanding any termination of this Agreement or any termination of the Executive's employment for any reason (whether voluntary or involuntary).

12. Outplacement and Subsequent Employment. For a period of up to six (6) months from the date of the Qualifying Termination, the Company shall provide outplacement services to the Executive that are comparable to other executives at this level who have terminated. Outplacement services shall be provided by an entity selected by the Company. The Executive shall use best efforts, consistent with the terms of Section 11, to become gainfully employed during the period the Executive is receiving benefits under this Agreement.

13. Dispute Resolution. Except with respect to any claims by either Party for or concerning temporary and/or preliminary injunctive relief as it relates to the specific performance of the restrictions set forth in Section 11(a) through 11(f) of this Agreement, any disputes under this Agreement shall, at the election of the Executive or the Company, be settled by arbitration in St. Louis, Missouri in accordance with the Arbitration Rules of the American Arbitration Association for employment disputes, as modified herein, as determined by a panel of St. Louis arbitrators. Unless otherwise agreed, the arbitration shall be conducted within sixty (60) days of submission to arbitration and a decision shall be rendered within thirty (30) days of the conclusion of the arbitration hearing. Otherwise, any such dispute shall be resolved by a state or federal court sitting in St. Louis, Missouri.

14. Definitions. For purposes of this Agreement, the following terms shall have the definitions as set forth below:

a. "Affiliate" or "Affiliates" shall mean each and every direct or indirect parent or subsidiary of the Company, as well as any entity that is under common control with the Company.

b. "Accrued Obligations" shall mean, as of the date of termination, the sum of (A) the Executive's then-current Base Salary (disregarding any reduction constituting Good Reason) through the date of termination to the extent not theretofore paid, (B) any sick pay and expense reimbursements earned and accrued by the Executive as of the date of termination to the extent not theretofore paid. For the purpose of this definition of "Accrued Obligations," except as provided in the applicable plan, program or policy, amounts shall be deemed to accrue ratably over the period during which they are earned, but no discretionary compensation shall be deemed earned or accrued until it is specifically approved by the Board or a designee in accordance with the applicable plan, program or policy. In no event shall Accrued Obligations include the Cash Award, the April 2022 RSUs, or the March 2023 RSUs. For the avoidance of doubt, if the Executive is terminated for any reason other than a Qualifying Termination the Executive shall only be entitled to Accrued Obligations.

c. "Cause" shall include acts or omissions that the Company determines in writing, after affording the Executive an opportunity to be heard, are (i) criminal, dishonest or fraudulent or constitute misconduct that reflect negatively on the reputation of the Company (including any parent, subsidiary, affiliate or division of the Company); (ii) acts or omissions that could expose the Company or any parent, subsidiary, affiliate or division

of the Company to claims of illegal harassment or discrimination in employment; (iii) material breaches of this Agreement; or (iv) continued and repeated failure to perform substantially the duties of the Executive's employment.

d. "Change in Control" shall be deemed to have occurred if any of the events set forth in any one of the following clauses shall occur: (A) any Person (as defined in section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such term is modified in sections 13(d) and 14(d) of the Exchange Act), excluding a group of persons including the Executive, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing forty percent (40%) or more of the combined voting power of the Company's then outstanding securities; (B) individuals who, as of the date of this Agreement, constitute the Board (the "Incumbent Board"), cease for any reason to constitute a majority thereof (provided, however, that an individual becoming a Director subsequent to the date of this Agreement whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the Directors then comprising the Incumbent Board shall be included within the definition of Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual election contest (or such terms used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board); or (C) the stockholders of the Company consummate a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation.

e. "Code" shall mean the Internal Revenue Code of 1986, as amended.

f. "Disability" means the disability of the Executive as defined in Section 409A(a)(2)(C) of the Code.

g. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

h. "Good Reason" shall mean (i) a reduction in the Executive's Base Salary or Annual Bonus during the Employment Term, except as permitted by Section 3(a), (ii) a material adverse change in the Executive's title as set forth in Section 2(a), or (iii) a demand by the Company during the Employment Term, as defined in Section 1, that the Executive relocate outside of the St. Louis metropolitan area or the location at which the Executive was working, as previously agreed to by the Company pursuant to Section 2(c), which if the Executive refuses, the Executive must provide written notice to the Company of the existence of Good Reason no later than ninety (90) days after its initial existence, the Company shall have a period of thirty (30) days following its receipt of such written notice during which it may remedy in all material respects the Good Reason condition identified in such written notice. If the Company fails to remedy in all material respects such Good

Reason condition, the Executive shall be deemed to have voluntarily terminated employment for Good Reason.

i. “Qualifying Termination” shall mean a termination of the Executive’s employment by the Company without Cause or by the Executive for Good Reason. A termination of employment due to death or Disability shall constitute a Qualifying Termination.

15. No Mitigation; Limited Offset. In no event shall the Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Executive hereunder, and such amounts shall not be reduced regardless whether the Executive obtains other employment.

16. Reformation. Except as otherwise set forth in Section 11 of this Agreement, if any provision(s) of this Agreement shall be found invalid, illegal, or unenforceable, in whole or in part, then such provision(s) shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted or as if such provision(s) had not been originally incorporated herein, as the case may be.

17. Governing Law; Venue for Disputes. This Agreement shall be governed under the internal laws of the State of Missouri, without regard to its conflict of law principles. The Executive agrees that, except as otherwise set forth in Section 13 above, the exclusive venue and jurisdiction for any litigation concerning the enforcement or enforceability of the terms of this Agreement, or for any litigation that in any way arises out of this Agreement or the Executive’s employment with the Company or any Affiliate, shall be the St. Louis County Circuit Court, in the State of Missouri or, if the federal court has subject matter jurisdiction (and at the option of the party pursuing the claim), in the United States District Court for the Eastern District of Missouri, and the Executive hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to the service of process in connection with any action, suit, or proceeding against the Executive; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, venue or service of process.

18. Attorneys’ Fees. The Executive and the Company agree that, in the event a dispute arises that concerns Section 11 of this Agreement, the Prevailing Party shall be entitled to recover all of their reasonable fees and expenses, including, without limitation, reasonable attorneys’ fees and expenses incurred in connection with the dispute. A “Prevailing Party” is one who is successful on any significant substantive issue in the action and achieves either a judgment in such party’s favor or some other affirmative recovery.

19. Conflict. If any provision of this Agreement conflicts with any other agreement, policy, plan, practice or other the Company document, then the provisions of this Agreement shall control. This Agreement shall supersede any prior agreement, including the Executive Severance and Change in Control Agreement, between the Executive and the Company with respect to the subject matter contained herein and may be amended only by a writing signed by an officer of the Company and the Executive.

20. Code Section 409A. To the extent applicable, it is intended that the payment of the benefits, severance, incentive compensation and/or equity compensation provided under this Agreement shall comply with or be exempt from the provisions of Section 409A of the Code, and this Agreement shall be construed and applied in a manner consistent with this intent. In the event any payment or benefit under this Agreement is determined by the Company to be in the nature of deferred compensation, the Company and the Executive hereby agree to take such actions, not otherwise provided herein, as may be mutually agreed between the parties to ensure that such payments remain exempt from or in compliance with the applicable provisions of Section 409A of the Code and the Treasury Regulations thereunder. To the extent that any payment or benefit under this Agreement is modified by reason of this Section 20, it shall be modified in a manner that complies with Section 409A and preserves to the maximum possible extent the economic costs or value thereof (as applies) to the respective parties (determined on a pre-tax basis).

21. Withholding. The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order that the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

22. Assignment. This Agreement shall be binding upon and inure to the benefit of the Company and any successor or assign of the Company, including (without limitation) any corporation or other entity that may acquire all or substantially all of the assets of the Company, or with or into which the Company may be merged or consolidated, and any such successor or assign shall be deemed substituted for Employer under the provisions hereof. The Executive further hereby consents to the assignment of this Agreement by the Company and waives any assertion or claim that the Executive's contemporaneous consent for such an assignment is needed for the assignment to be effective. The Executive shall not be permitted to assign the Executive's rights or obligations under this Agreement.

23. Third-Party Beneficiaries. The Executive acknowledges and agrees that, if the Executive provides any services to, or receives any confidential information concerning, any Affiliate of the Company, such other Affiliate(s) of the Company shall be deemed a third-party beneficiary of the Executive's obligations under this Agreement, including the Executive's obligations set forth under Section 11 hereof. Such Affiliate(s) shall be permitted to enforce any of the terms of this Agreement against the Executive as if such Affiliate(s) were the Company hereunder.

24. Entire Agreement. Except as otherwise referenced herein, this Agreement constitutes the entire agreement of the parties with respect to the subject matter of this Agreement. No modification, amendment, or waiver of any of the provisions of this Agreement shall be effective or binding unless set forth in a writing signed by the parties hereto and specifically referring to this Agreement.

25. Counterparts. This Agreement may be executed in one or more counterparts, which together shall constitute a valid and binding agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Executive and the Company, by its duly authorized representatives, have executed this Agreement effective as of the date set forth below.

EXECUTIVE

CENTENE CORPORATION

/s/ BRENT LAYTON
Brent Layton

By: /s/ H. ROBERT SANDERS

April 27, 2022
Date

April 27, 2022
Date

**TERM SHEET
EXECUTIVE EMPLOYMENT AGREEMENT**

For discussion purposes, this Term Sheet sets forth the principal terms and conditions governing the employment relationship between Brent Layton (the "Executive") and Centene Corporation (the "Company").

Position	President & Chief Operating Officer of the Company
Employment Term	Term shall continue through December 31, 2024 ("Term").
Reports To	The Executive initially reports to the Chief Executive Officer or such other individual as determined by the Board of Directors.
Work Location	Either the Company's principal executive office currently located in St. Louis, Missouri or such other location as determined by the Executive and agreed by the Company.
Annual Base Salary	\$1,100,000.00
Annual Bonus	Target Bonus equal to 150% of the Executive's Annual Base Salary with a potential to earn 200% of the target opportunity.
2022 Long Term Incentive Compensation	<ol style="list-style-type: none"> 1. Long term incentive compensation including a Cash LTIP providing the potential to earn 150% of the Executive's Annual Base Salary (awarded in December of 2021). 2. Long term incentive compensation in the amount of \$2.6 million will be awarded in April of 2022, exclusively in the form of time vested RSUs and performance based RSUs. 3. If Executive remains actively employed through December 31, 2024: <ol style="list-style-type: none"> a. All time vested RSUs issued in April of 2022 will become fully vested on December 31, 2024 and paid out pursuant to the terms of each such RSU Agreement; and b. All performance based RSUs issued in April of 2022 will become fully vested on December 31, 2024 and will be paid out pursuant to the terms of each such RSU Agreement. 4. RSUs issued in April of 2022 will NOT provide for accelerated vesting in the event of a "Qualified Retirement" which is defined to mean a notice of retirement filed 90 days in advance by an Executive who is at least 55 years old and who has been employed by Company for at least 10 years. <p>Notwithstanding the foregoing, post-termination long term incentive compensation payments may be subject to a six-month delay to the extent required under Code Section 409A.</p>

<p>2023 Long Term Incentive Compensation</p>	<ol style="list-style-type: none"> 1. Long term incentive compensation in the amount of \$2.6 million will be awarded in March of 2023, exclusively in the form of time vested RSUs and performance based RSUs. 2. If Executive remains actively employed through December 31, 2024: <ol style="list-style-type: none"> a. All time vested RSUs issued in March of 2023 will become fully vested on December 31, 2024 and paid out pursuant to the terms of each such RSU Agreement; and b. All performance based RSUs issued in March of 2023 will become fully vested on December 31, 2024 and will be paid out pursuant to the terms of each such RSU Agreement. 3. All performance based RSUs issued in March of 2023 will become fully vested on December 31, 2024 and will be paid out pursuant to the terms of each such RSU Agreement. <p>Notwithstanding the foregoing, post-termination long term incentive compensation payments may be subject to a six-month delay to the extent required under Code Section 409A.</p>
<p>Severance and Change in Control Agreement ("Severance Agreement")</p>	<p>Material terms of the existing Severance Agreement will be incorporated into the new Employment Agreement.</p>

Severance Payments	<ol style="list-style-type: none"> 1. If Centene terminates Executive before the end of the Term for reasons other than Cause, then Executive only receives: <ol style="list-style-type: none"> a. Severance pay over 12 months equal to Executive's then Base Salary; b. Prorated Annual Bonus; c. COBRA subsidy; and d. Accelerated full vesting with respect to all outstanding time vested RSUs and performance based RSUs issued in April of 2022 and March of 2023 and will be paid out pursuant to the terms of each such RSU Agreement. 2. If Executive terminates employment before the end of the Term for Good Reason, death or disability, then Executive only receives: <ol style="list-style-type: none"> a. Severance pay over 12 months equal to Executive's then Base Salary; b. Prorated Annual Bonus; c. COBRA subsidy; and d. Accelerated full vesting with respect to all outstanding time vested RSUs and performance based RSUs issued in April of 2022 and March of 2023 and will be paid out pursuant to the terms of each RSU Agreement. 3. If Executive voluntarily terminates (without Good Reason) or Centene terminates Executive for Cause before the end of the Term, then Executive only receives any compensation owed to him up through date of termination. Executive does not receive severance pay, Prorated Annual Bonus, COBRA subsidy, or additional vesting with respect to RSUs issued in April of 2022 or March of 2023.
Dispute Resolution/Non-compete	<ol style="list-style-type: none"> 1. Arbitration in St. Louis in accordance with rules of American Arbitration Association. 2. Non-compete provisions <ol style="list-style-type: none"> a. 24 months in duration <ol style="list-style-type: none"> (1) Competitor defined to ONLY include: <ol style="list-style-type: none"> (i) Organizations engaged in the Marketplace health insurance market in which Centene or an affiliate is engaged; and (ii) Specifically includes the following as well as successors and or affiliates of each of these entities: <ol style="list-style-type: none"> (A) UnitedHealthcare Group, Molina Healthcare, Anthem, CVS Health, Humana, Cigna, CareSource, AmericaHealth Caritas, Bright Health, Friday Health Plans, Oscar Health, Blues of Carolina, Florida Blue, HCSC and Highmark Blue Cross Blue Shield.
Miscellaneous	Executive may serve on one Board of Directors of a public company. Sharecare, Inc. will be the one approved public company.

This Term Sheet summarizes the non-binding agreement of the Executive and the Company regarding the principal terms and conditions of the Executive's employment. However, this Term Sheet is not intended to constitute a complete statement of such terms and conditions or a legally binding agreement between the parties. The specific terms and conditions governing the Executive's employment will be set forth in a mutually acceptable, definitive Employment Agreement entered into between the parties as soon as practicable following the date hereof.

EXECUTIVE EMPLOYMENT AGREEMENT

In this Executive Employment Agreement, dated as of April 28, 2022 (the “Agreement”), Centene Corporation (the “Company”), and Andrew Asher (the “Executive”), intending to be legally bound and for good and valuable consideration, agree as follows:

1. Term.

a. The Executive’s employment hereunder shall begin on January 1, 2022 and shall continue until December 31, 2024, unless terminated earlier pursuant to Section 5 of this Agreement; provided that, on December 31, 2024 and each December 31 thereafter (such date and each annual anniversary thereof, a “Renewal Date”), the Agreement shall be deemed to be automatically extended, upon the same terms and conditions (with no reduction in target compensation from the levels in place on December 31, 2024, other than as part of an across-the-board base salary reduction that applies in the same manner to all senior executives generally, subject to Section 14(h)), for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the Agreement at least ninety (90) days’ prior to the applicable Renewal Date. The period during which the Executive is employed by the Company hereunder is hereby referred to as the “Employment Term.”

2. Position and Duties.

a. Position. During the Employment Term, the Executive shall serve as the Chief Financial Officer of the Company, reporting solely and directly to the Chief Executive Officer. In such position, the Executive shall have such duties, authority, and responsibilities as shall be determined from time to time by Chief Executive Officer, which duties, authority, and responsibilities are consistent with the Executive’s position.

b. Duties. During the Employment Term, the Executive shall devote substantially all of the Executive’s business time and attention to the performance of the Executive’s duties hereunder and shall not engage in any other business, profession, or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly without the prior written consent of the Board of Directors (“Board”), which approval shall not be unreasonably withheld. The Executive may serve on trade, civic or charitable boards and, subject to prior approval by the Board, the board of directors of one (1) other for-profit company, that does not compete as described in Section 11(d), of the Executive’s choice, and may manage personal investments and affairs to the extent such activities do not materially interfere with the performance of the Executive’s duties and responsibilities hereunder.

c. Travel. The Executive acknowledges and agrees that the Executive may be required to travel on Company business during the Employment Term.

3. Compensation.

a. Base Salary. The Company shall pay the Executive an annual base salary of \$1,025,000 in periodic installments in accordance with the Company’s customary payroll practices and applicable wage payment laws, but no less frequently than monthly. The Executive’s base salary shall be reviewed at least annually by the Compensation Committee of the Board (the

“Compensation Committee”) and the Compensation Committee may, but shall not be required to, increase the base salary during the Employment Term. However, the Executive’s base salary may not be decreased during the Employment Term other than as part of an across-the-board salary reduction that applies in the same manner to all senior executives generally, subject to Section 14(h). The Executive’s annual base salary, as in effect from time to time, is hereinafter referred to as “Base Salary.”

b. Annual Bonus. During the Employment Term, the Executive shall be eligible to receive an annual bonus (the “Annual Bonus”). The Executive’s annual target bonus opportunity shall be equal to 125% of the Executive’s Base Salary (the “Target Bonus”) with the potential to earn up to 250% of the Executive’s Base Salary, each based on the achievement of performance goals established and evaluated by the Compensation Committee. The Annual Bonus, if any, shall be paid within two and a half (2 1/2) months after the end of the year during which the Annual Bonus is earned.

c. 2022 Long-Term Incentive Compensation. With respect to the Executive’s 2022 long-term incentive compensation, the Executive shall be entitled to receive: (i) a cash-based award under the Company’s 2007 Long-Term Incentive Plan, as amended, (the “LTIP”), with a target of 100% of the Executive’s Base Salary (the “Cash Award”); (ii) equity awards under the Company’s 2012 Stock Incentive Plan, as amended (the “Stock Plan”), in the form of time vested restricted stock units in the amount of \$3 million which will be awarded in April of 2022 (the “2022 RSUs”); and (iii) equity awards under the Stock Plan in the form of performance share units (“PSUs”) in the amount of \$3 million which will be awarded in April of 2022 (the “2022 PSUs”). All 2022 RSU units shall be subject to three-year graded vesting, whereby one-third of the 2022 RSU units shall vest on the first anniversary of the grant date for such RSUs and an additional one-third of such RSUs shall vest at the end of each such successive annual period following the first anniversary of such grant date until the third anniversary of such grant date. All 2022 PSU units shall be subject to three-year cliff vesting and shall vest in full on the third anniversary of the applicable grant date. For avoidance of doubt, the Cash Award described in (i) above was already made in December of 2021. In addition, for the avoidance of doubt, the 2022 RSU and 2022 PSU units shall be in addition to (i) the Cash Award the Executive received under the LTIP, in December of 2021 for the 2022-2024 performance cycle and (ii) the RSUs and PSUs the Executive received under the Stock Plan in December of 2021. The Cash Award shall be subject to the terms of the LTIP, and an award agreement previously executed by the Executive and the Company and the 2022 RSU and 2022 PSU units shall be subject to the terms of the Stock Plan and award agreements to be executed by the Executive and the Company. The award agreements in respect of the 2022 RSU units and 2022 PSU units shall be in the same form applicable to similarly situated senior executives of the Company and shall provide that units shall be settled as soon as practicable following the applicable vesting date.

d. 2023 Long-Term Incentive Compensation. With respect to the Executive’s 2023 long-term incentive compensation, the Executive shall be entitled to receive; (i) cash-based awards under the Company’s 2007 Long-Term Incentive Plan, as amended, or an equivalent successor plan (the “LTIP,”), with a target of 100% of the Executive’s Base Salary (the “2023 Cash Award”); and/or (ii) equity awards under the Stock Plan in an amount to be determined by the Compensation Committee in March of 2023 in the form of time-vested restricted stock units (“March 2023 RSUs”) and performance share units (the “March 2023 PSUs”). The division of the 2023 long-term incentive compensation awards between Cash Awards, March 2023 RSUs and March 2023 PSUs shall be determined by the Compensation Committee in its sole discretion, but

shall be consistent with the percentages and performance targets assigned to awards granted in the same performance cycle to similarly situated senior executives of the Company. All March 2023 RSUs will be subject to three-year graded vesting as described in (c) above. All March 2023 PSUs will be subject to three-year cliff vesting as described in (c) above. The Cash Award shall be subject to the terms of the LTIP, and an award agreement executed by the Executive and the Company and the March 2023 RSUs and the March 2023 PSUs shall be subject to the terms of the Stock Plan and award agreements to be executed by the Executive and the Company. The award agreements in respect of the 2023 Cash Award, March 2023 RSUs and March 2023 PSUs shall be in the same form applicable to similarly situated senior executives of the Company, and the award agreements in respect of the March 2023 RSUs and March 2023 PSUs shall provide that units shall be settled as soon as practicable following the applicable vesting date.

e. 2024 Long-Term Incentive Compensation. With respect to the Executive's 2024 long-term incentive compensation, the Executive shall be eligible to receive; (i) cash-based awards under the Company's 2007 Long-Term Incentive Plan, as amended, or an equivalent successor plan (the "LTIP"), with a target of 100% of the Executive's Base Salary (the "2024 Cash Award"); and/or (ii) equity awards under the Stock Plan in an amount to be determined by the Compensation Committee in March of 2024 in the form of time-vested restricted stock units ("March 2024 RSUs") and performance share units (the "March 2024 PSUs"). The division of the 2024 long-term, incentive compensation awards between Cash Awards, March 2024 RSUs and March 2024 PSUs shall be determined by the Compensation Committee in its sole discretion, but shall be consistent with the percentages and performance targets assigned to awards granted in the same performance cycle to similarly situated senior executives of the Company. All March 2024 RSUs will be subject to three-year graded vesting as described in (c) above. All March 2024 PSUs will be subject to three-year cliff vesting as described in (c) above. The Cash Award shall be subject to the terms of the LTIP, and an award agreement executed by the Executive and the Company and the March 2024 RSUs and the March 2024 PSUs shall be subject to the terms of the Stock Plan and award agreements to be executed by the Executive and the Company. The award agreements in respect of the 2024 Cash Award, March 2024 RSUs and March 2024 PSUs shall be in the same form applicable to similarly situated senior executives of the Company, and the award agreements in respect of the March 2024 RSUs and March 2024 PSUs shall provide that units shall be settled as soon as practicable following the applicable vesting date.

f. Impact of Qualified Retirement on RSUs or PSUs. All RSUs and PSUs (and other equity-based awards) held by Executive will offer accelerated vesting in the event the Executive terminates employment on account of a Qualified Retirement, which for these purposes shall mean a retirement made pursuant to a bona-fide notice of retirement made ninety (90) days in advance by the Executive who is at least fifty-five (55) years old and has been employed by the Company for at least ten (10) years.

g. Target Level of Total Compensation. The total target level of compensation for the Executive for each of 2023 and 2024 will be at least \$8,900,000 (and at least such amount shall be used to determine the target amounts in Sections 3(d)(ii) and 3(e)(ii) above). The Compensation Committee shall determine in its sole discretion, consistent with the principles set forth in (d) and (e) above, the specific components of the Executive's total compensation for 2023 and 2024 and for any future calendar years in the Employment Term.

h. Compensation in Event of Automatic Renewal of Agreement. In the event the Employment Term is extended beyond December 31, 2024, the compensation terms described in

this Section 3 for each renewal year shall be identical to the compensation terms in effect for the immediately preceding calendar year, unless the parties specifically negotiate different compensation terms. For avoidance of doubt, if, for example, the initial Employment Term is extended through December 31, 2025, compensation to be paid for the 2025 calendar year to the Executive shall be identical to the amount paid to the Executive for the 2024 calendar year, unless the parties mutually agree to an alternative compensation arrangement (and the foregoing shall apply for all renewal years as relates to the prior calendar year).

4. Employee Benefits. The Executive and/or the Executive's dependents, as the case may be, shall participate in employee and executive retirement, medical, dental, vision, disability, group and/or executive life, accidental death and travel accident insurance, and similar benefit plans and programs of the Company, subject to the terms and conditions thereof, as in effect from time to time with respect generally to senior executives employed by the Company. The Executive shall be entitled to be paid these benefits upon termination in accordance with the terms of the applicable employee benefit plans, or, if not governed by ERISA, pursuant to the policies and practices of the Company as in effect from time to time with respect to senior executives employed by the Company.

5. Severance Pay. The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, either party shall be required to give the other party at least sixty (60) days' advance written notice of any termination of the Executive's employment. Should the Executive's employment with the Company be terminated due to a Qualifying Termination that is not a Change in Control Termination before the Employment Term ends, as defined pursuant to Section 1, in addition to the Accrued Obligations, the Company agrees to pay or provide the following compensation and benefits during the severance period and the Executive shall have no further rights to any compensation or any other benefits from the Company:

a. Severance pay to the Executive in the form of a cash lump sum payment equal to the Executive's Base Salary determined using the Executive's then-current Base Salary (disregarding any reduction constituting Good Reason or any reduction made in the preceding six (6) month period), with such amount payable to the Executive on the sixtieth (60th) day after the termination date.

b. A prorated Annual Bonus for the year in which the Executive's date of termination occurs based on the degree of achievement of goals under the bonus program in effect at the time of termination and the portion of the year elapsed as of the date of termination. The degree of achievement of goals shall be determined in accordance with the bonus program, except that should any goals be of a subjective nature, the degree of achievement therefore shall be determined by the Company in its sole discretion. Any such bonus amount shall be paid in a single, lump sum payment at the same time as Annual Bonuses for the year are paid to the Company's officers generally. Executive shall also receive any prior Annual Bonus which has been achieved and accrued, but not paid at the time of termination.

c. Subject to Section 11, during the twelve (12) month period of salary continuation described in (a) above, the Company shall pay for a portion of the health, dental, prescription drug and vision insurance continuation coverage (collectively "Medical Coverage") to which the Executive is entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") on behalf of Executive, and as applicable, Executive's spouse and dependents, subject to the Executive's timely election of COBRA healthcare continuation coverage. For such twelve

(12) month period, the terminated the Executive shall be responsible to pay contributions for Medical Coverage provided under this Section 5(c) in the same amount as is charged to similar active employees for similar coverage, rather than the full COBRA premium amount, and the Company shall pay the remainder of the COBRA premium amount.

d. Subject to Section 11, if the Executive's Qualifying Termination occurs during the Employment Term, the Executive will become fully vested with respect to the 2022 Cash Award, PSUs and RSUs issued prior to 2022 and the 2022 RSU and PSU units only. With respect to Cash Awards, RSUs and PSUs issued after 2022 (or Cash Awards issued prior to 2022), if the Executive's Qualifying Termination occurs during the Employment Term, the Executive will receive an additional one year of service under the applicable award agreement for such outstanding Cash Awards, RSUs or PSUs. In addition, with respect to any cliff-vesting PSUs issued after 2022, performance shall be determined at the end of the applicable performance period based upon the greater of target or Company performance, with amounts payable when paid to other senior executives generally for such performance period. The Executive's remaining equity awards, if any, shall remain subject to the vesting and forfeiture terms set forth in their award agreements.

e. If amounts are payable under this Section 5, no additional amounts shall be payable under Section 7 of this Agreement (unless Section 6(a)(ii) becomes applicable), nor any other agreement between the parties, which shall include, and not be limited to, any Executive Severance and Change in Control Agreement as well as any severance pay plan generally maintained by the Company for its employees.

f. No amounts shall be payable under this Section 5 if the Executive voluntarily elects not to renew this Agreement pursuant to Section 1(a).

6. Change in Control. The Company shall pay to the Executive the severance described in Section 7 if the Executive's employment with the Company and all its subsidiaries is terminated under the circumstances described below (a "Change in Control Termination"):

a. The Executive's termination of employment was a Qualifying Termination that occurred:

i. On the day of, or within twenty-four (24) months after, the occurrence of a Change in Control; or

ii. Prior to a Change in Control but at the request of any third party participating in or causing the Change in Control or during the one hundred twenty (120) day period prior to a Change in Control.

7. Change in Control Severance Pay. In the event of a Change in Control Termination prior to the end of the Employment Term, as defined pursuant to Section 1, in addition to the Accrued Obligations, the Company agrees to provide the Executive the following:

a. Severance pay equal to the product of (x) the sum of (i) the Executive's Base Salary, plus (ii) the average of the last two (2) Annual Bonuses paid to the Executive during the two (2) most recently completed full fiscal years of the Company, multiplied by (y) two (2). Such amount shall be paid in an undiscounted lump sum on the sixtieth (60th) day after the termination

date. For purposes of calculating the amount of severance in this Section 7(a) and Section 7(b) due as a result of a Change in Control Termination, the Executive's Base Salary shall be based on the highest amount of such Base Salary during the two (2) year period ending on the date of termination.

b. A prorated Target Bonus for the year in which such termination occurs.

c. During the eighteen (18) month period following the Change in Control Termination, the Company shall pay for the Executive's entire Medical Coverage to which the Executive is entitled under COBRA. If the Company purchased a life insurance policy for the benefit of the Executive's beneficiaries prior to the Change in Control, the Company shall continue to maintain and pay all expenses associated with the corporate-owned life insurance policy for the remainder of the Executive's life.

d. Any RSUs, stock awards, stock options, stock appreciation rights or other equity-based awards that were outstanding immediately prior to the Change in Control Termination shall, to the extent not then vested, fully vest and become exercisable as of the date of the Change in Control Termination and the Executive shall have the right to exercise any such stock option, stock appreciation right, or other exercisable equity-based award until the earlier to occur of (i) one (1) year from the date of the Change in Control Termination and (ii) the expiration date of such stock option, stock appreciation right or other equity-based award as set forth in the agreement evidencing such award. Any PSUs that were outstanding immediately prior to the Change in Control Termination shall vest at the greater of the actual performance level at the time of the Change in Control event or at target performance level, in each case, without pro-ration.

e. If amounts are payable under this Section 7, no amounts shall be payable under Section 5 of this Agreement, nor any other agreement between the parties, which shall include, and not be limited to, any Executive Severance and Change in Control Agreement as well as any severance pay plan generally maintained by the Company for its employees. Notwithstanding the foregoing, the amounts payable pursuant to this Section 7 shall be reduced by any amounts previously paid to the Executive pursuant to Section 5 and no duplication of payments shall occur.

8. Adjustments. If, for any reason, any part or all of the amounts payable to the Executive under this Agreement (or otherwise, if such amounts are in the nature of compensation paid or payable by the Company or any of its subsidiaries after there has been a Change in Control) (collectively "Total Payments") are deemed to be "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code or any successor or similar provision, and would be subject to the excise tax imposed by Section 4999 of the Code or any successor or similar provision, such Total Payments shall be reduced to the extent necessary such that no amounts paid or payable to the Executive shall be deemed excess parachute payments subject to excise tax under Section 4999 of the Code; provided, however, that no such reduction shall occur if (i) the net amount of such Total Payments as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is less than (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such unreduced Total Payments and the amount of excise taxes to which the Executive would be subject in respect of such unreduced Total Payments). All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determination shall be made by an independent, nationally recognized accounting firm designated by the Company prior to the Change in Control (the "Auditor"). The Auditor shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive

or the Company that there has been a payment, or such earlier time as is requested by the Company. All fees and expenses of the Auditor shall be paid by the Company. All determinations made by the Auditor shall be binding upon the Company and the Executive.

9. Cooperation. The parties agree that certain matters in which the Executive shall be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, during the 24-month period following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, such cooperation shall be subject to the Executive's personal and business commitments and the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse Executive for all reasonable expenses incurred in connection with cooperation including travel costs, and if determined in good faith to be reasonably appropriate by the Executive, the reasonable fees incurred by independent counsel for the Executive (subject to the good faith prior approval of the Company's general counsel). The Executive shall not be required to cooperate against his own legal interests or those of a subsequent employer or business partner.

10. Conditions. Any payments or benefits made or provided pursuant to this Agreement are subject to the Executive's:

- i. compliance in all material respects with the provisions of Section 11 hereof (provided, that, the Company shall provide the Executive with written notice of any such failure to comply and not less than thirty (30) days to cure, if curable);
- ii. delivery to the Company of an executed full and complete release of claims, in the form attached hereto as Exhibit A, with such terms as needed under then applicable law to give full effect to its intent and purpose (the "Release"); and
- iii. delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans.

Notwithstanding the due date of any post-employment payments, any amounts due under this Agreement shall not be due until after the expiration of any revocation period applicable to the Release. Nevertheless, upon any termination of the Executive's employment, the Executive shall be entitled to receive the Accrued Obligations, payable within thirty (30) days after the date of termination or in accordance with the applicable plan, program or policy.

11. Executive's Covenants. The Executive acknowledges that the above consideration, absent this Agreement, is beyond what the Company is obligated to pay. In consideration for the Executive's employment, the opportunity for the payments and benefits specified in this Agreement, and the Company allowing the Executive to have access (or continue to have access) to the Company's or its Affiliates' Confidential Information, the Executive agrees to the following, which shall continue to apply in the event the Executive's employment is terminated by either party for any reason, whether voluntary or involuntary and whether with or without Cause or with or without Good Reason. Notwithstanding anything in this Agreement or any other agreement to the contrary, the provisions of Section 11(d) shall not apply if a Change in Control occurs and Executive is no longer employed by the Company or its Affiliates as of or following such Change in Control.

a. Confidential Information. As used in this Section 11, "Confidential Information" shall mean the Company's and the Affiliates' trade secrets and other non-public proprietary information relating to the Company and the Affiliates or the business of the Company and the Affiliates, including, but not limited to, information relating to financial statements, customer lists and customer information, employee skills and compensation, employee data, supplier lists and supplier information, vendor lists and vendor information, acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, marketing plans and strategies, new and proposed product plans; pricing, profit margins, financial, promotional, marketing, training or operational information, customer lists and customer information, and other information developed or used by the Company that is not known generally to the public or the industry. Confidential Information shall not include any information that is in the public domain or becomes known in the public domain through no wrongful act on the part of the Executive.

b. Non-Disclosure. The Executive agrees that the Confidential Information is a valuable, special and unique asset of the Company's business, that such Confidential Information is important to the Company and the effective operation of the Company's business. As such and in addition to the other restrictions contained in this Section 11, the Executive shall not, either during the Executive's employment with the Company and at all times thereafter, directly or indirectly use, disclose, divulge or communicate in any fashion, form or manner to any person, firm, partnership, corporation or other entity, or use for the Executive's own benefit, any trade secrets (whether patentable or not) or any Confidential Information except to the limited extent that such disclosure or use is both authorized and reasonably required in connection with the Executive's employment. Notwithstanding the foregoing provisions of Section 11(b), the Executive may disclose information if required by applicable law or a court order or subpoena requested by a governmental or self-regulatory organization or as reasonably necessary in connection with any legal process between Executive and the Company or any of its subsidiaries or Affiliates, *except that* (i) in the case of disclosure required by law, court order or subpoena, to the extent legally permitted, the Executive shall inform the Company immediately upon becoming aware of the requirement to disclose or, if applicable, upon receipt of the court order or subpoena, and, to the extent legally permitted, shall not disclose until the Company has had a reasonable opportunity to review and object to such disclosure; and (ii) in the case of disclosure in connection with any legal process, the Executive shall only be permitted to disclose to the parties to the legal process, and then only as may be consistent with any confidentiality stipulation or protective order as may be in effect in such legal process. The Company shall reimburse Executive for all reasonable legal costs incurred in complying with the foregoing sentence.

- i. *Defend Trade Secrets Act Notice to Executive.* Notwithstanding the foregoing and any other terms of this Agreement, the Executive will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if the Executive files a lawsuit for retaliation by the Company or any of its Affiliates for reporting a suspected violation of law, the Executive may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding if the Executive files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.
-

c. Property of Company. Any Confidential Information, and all other business information or documents, shall be and remain solely and exclusively the property of the Company and/or its Affiliates. During his or her employment, the Executive shall not remove from the property or premises of the Company or its Affiliates any Confidential Information or any other documents or data relating to the business, work, services or sales of the Company and/or its Affiliates, or copies thereof, unless authorized by the Company and/or its Affiliates and required for the Executive to perform his or her employment duties. Upon the termination of the Executive's employment (regardless of whether such termination is with or without Cause or with or without Good Reason, or at any other time requested by the Company or its Affiliates, the Executive shall promptly deliver all documents, files, devices and other items (whether maintained in electronic or hard copy format) obtained in the course of his or her employment, whether or not the Executive believes such items constitute or contain Confidential Information, and without retaining any copies, notes, or excerpts thereof. Notwithstanding the foregoing, the Executive may retain the Executive's contacts, calendars, personal correspondence, and all information and documentation reasonably needed for the Executive's personal tax return preparation purposes.

d. Non-Competition; Non-Solicitation.

- i. During the Employment Term and for twelve (12) months after the termination of the Executive's employment with the Company (including any parent, subsidiary, Affiliate or division of the Company) for any reason whatsoever, whether voluntary or involuntary and whether with or without Cause or with or without Good Reason, the Executive shall not directly or indirectly invest in (other than passively in any entity with a maximum investment of no more than one percent (1%) of outstanding equity on a fully diluted basis), counsel, advise, consult, be employed or otherwise engaged by or with any entity or enterprise ("Competitor") that competes, or that intends or plans to compete with (A) any area of business in which the Company or any Affiliate is engaged, and in which the Executive was engaged, participated in or about which the Executive learned Confidential Information during the Executive's last thirty-six (36) months of employment, or (B) any other area of business for which the Company or any Affiliate has taken substantial steps towards becoming engaged, and in which the Executive was engaged, participated in or about which the Executive learned Confidential Information during the Executive's last 36 months of employment. Because the Company and its Affiliates engage in business nationwide, the obligations under this Section 11(d) shall apply nationwide (anywhere in the United States). Notwithstanding the foregoing, Executive shall not violate this provision by providing services to a unit, division, subsidiary or affiliate of a Competitor which otherwise engages in activities competitive with the business activities of the Company if such unit, division, subsidiary or affiliate for which Executive provides services does not engage in such business activities.
 - ii. During the Employment Term and for the period of twelve (12) months immediately after the termination of the Executive's employment with the Company (or any parent, subsidiary, affiliate or division of the Company) for any reason whatsoever, and whether voluntary or involuntary, and whether with or without Cause or with or without Good Reason (the "Restricted Period"), the Executive shall not, either directly or indirectly, either for the Executive or for
-

any other person, firm, company or corporation, call upon, solicit, divert, or take away, or attempt to solicit, divert or take away any of the customers, prospective customers, business, providers, vendors or suppliers of the Company or any Affiliate that (at any time during the last three years of the Executive's employment) the Executive had dealings with, or responsibility for, or about which the Executive had access to the Company's (or any Affiliate's) Confidential Information or such customers', providers', vendors' or suppliers' confidential information.

iii. The Executive shall not, at any time during the Restricted Period, without the prior written consent of the Company, (1) directly or indirectly, solicit, recruit, divert from the Company, hire, or employ (whether as an employee, officer, director, agent, consultant or independent contractor) any person who was or is at any time during the previous six (6) months an employee, representative, officer or director of the Company or any Affiliate; or (2) take any action to encourage or induce any employee, representative, officer or director of the Company or any Affiliate to cease their relationship with the Company or any Affiliate for any reason. Notwithstanding the foregoing, Executive shall not violate this covenant by advertising not specifically targeted at any of the Company's employees and serving as a reference upon request. For the avoidance of doubt, the Executive posting a job advertisement on LinkedIn, Facebook, Twitter or any other social media account on behalf of himself or any other person or entity shall be deemed improper solicitation.

e. Non-Disparagement. During and after the Term, Executive and the Company agree not to make any statement that criticizes, ridicules, disparages, or is otherwise derogatory of the other; provided, however, that nothing in this Agreement shall restrict either party from making truthful statements (a) when required by law, subpoena, court order or the like; (b) when requested by a governmental, regulatory, or similar body or entity; (c) in confidence to a professional advisor for the purpose of securing professional advice; (d) in the course of performing Executive's duties during the Term; (e) pursuant to legal process between Executive and the Company; or (f) as reasonably necessary to correct false or misleading statements made by one party about the other.

f. Enforcement. If any of the provisions or subparts of this Section 11 shall be held to be invalid or unenforceable by a court or arbitrator, the remaining provisions or subparts thereof shall nevertheless continue to be valid and enforceable according to their terms. Further, if any restriction contained in the provisions or subparts of this Section 11 is held to be overbroad or unreasonable as written (for example, in scope of activities restricted, duration, or geographic reach), the parties agree that such court or arbitrator shall modify such provisions in a manner to reflect the maximum period, scope or geographical area deemed reasonable and enforceable by the court or arbitrator, and such provisions, as modified, shall be fully enforceable as though set forth herein. Any such modification shall not affect the other provisions or clauses of this Agreement in any respect.

g. Remedies for Breach.

i. Because the Executive's services are unique and because the Executive has access to the Company's and its Affiliates' Confidential Information, the parties

agree that any breach or threatened breach of this Section 11 shall cause irreparable harm to the Company and/or its Affiliates and that money damages alone would be an inadequate remedy. The parties therefore agree that, in the event of any breach or threatened breach of this Section 11, and in addition to all other rights and remedies available to it under this Agreement or otherwise, and whether in equity or at law, the Company and/or its Affiliates may apply for specific performance and/or injunctive or other relief, without a bond, in order to enforce or prevent any violations of the provisions of this Section 11.

- ii. The Executive acknowledges and understands that, but for agreeing to be bound to the provisions of this Section 11, the Executive would not be entitled to receive the benefits and payments promised by the Company pursuant to Section 5, including all subparts thereto. The Executive agrees that any breach of this Section 11 during the twelve (12) month period following a Qualifying Termination would constitute a material breach of this Agreement and subjects the Executive to the forfeiture of all the aggregate after-tax proceeds of payments made pursuant to Section 5 of this Agreement (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment). The Company expressly reserves the right to pursue all other legal and equitable remedies available to it by virtue of any breach of this Section 11, including without limitation injunctive relief as provided in Section 11(g)(i) above.
- iii. The Executive acknowledges and agrees that the remedies provided for in this Section 11(g) are cumulative and not exclusive of any and other remedies available under this Agreement or otherwise, and whether in equity or at law, including other remedies provided under agreements related to bonuses and equity and equity-based awards. In that regard, the Executive acknowledges and agrees that, while the forfeiture of payments and benefits referenced in Section 11(g) is appropriate in the event of a breach of Section 11, injunctive relief to prevent a continuing breach would still be necessary to give the Company an adequate remedy.

h. Survival. The provisions of this Section 11 shall survive and continue in full force in accordance with their terms notwithstanding any termination of this Agreement or any termination of the Executive's employment for any reason (whether voluntary or involuntary).

12. Outplacement and Subsequent Employment. For a period of up to six (6) months from the date of the Qualifying Termination, the Company shall provide outplacement services to the Executive that are comparable to other executives at this level who have terminated. Outplacement services shall be provided by an entity selected by the Company. The Executive shall use best efforts, consistent with the terms of Section 11, to become gainfully employed during the period the Executive is receiving benefits under this Agreement.

13. Dispute Resolution. Except with respect to any claims by either Party for or concerning temporary and/or preliminary injunctive relief as it relates to the specific performance of the restrictions set forth in Section 11(a) through 11(f) of this Agreement, any disputes under this Agreement shall, at the election of the Executive or the Company, be settled by arbitration in St. Louis, Missouri in accordance with the Arbitration Rules of the American Arbitration Association for employment disputes, as modified

herein, as determined by a panel of St. Louis arbitrators. Unless otherwise agreed, the arbitration shall be conducted within sixty (60) days of submission to arbitration and a decision shall be rendered within thirty (30) days of the conclusion of the arbitration hearing. Otherwise, any such dispute shall be resolved by a state court sitting in St. Louis County, Missouri or a Federal court sitting in St. Louis, Missouri, as described in Section 17.

14. Definitions. For purposes of this Agreement, the following terms shall have the definitions as set forth below:

a. "Affiliate" or "Affiliates" shall mean each and every direct or indirect parent or subsidiary of the Company, as well as any entity that is under common control with the Company.

b. "Accrued Obligations" shall mean, as of the date of termination, the sum of (A) the Executive's then-current Base Salary (disregarding any reduction constituting Good Reason) through the date of termination to the extent not theretofore paid, (B) any vacation pay, sick pay and expense reimbursements earned and accrued by the Executive as of the date of termination to the extent not theretofore paid, (C) any rights, entitlements or benefits to which Executive is or becomes (or Executive's dependents are or become) entitled in accordance with the terms of any Company employee benefit plan or program. and (D) any accrued but unpaid Annual Bonus in respect of any prior completed fiscal year. For the purpose of this definition of "Accrued Obligations," except as provided in the applicable plan, program or policy, amounts shall be deemed to accrue ratably over the period during which they are earned, but no discretionary compensation shall be deemed earned or accrued until it is specifically approved by the Board or a designee in accordance with the applicable plan, program or policy. In no event shall Accrued Obligations include the 2022 Cash Award, the 2022 RSU and 2022 PSU units, or any other Cash Awards, RSUs or PSUs outstanding. For the avoidance of doubt, if the Executive is terminated for any reason other than a Qualifying Termination the Executive shall only be entitled to Accrued Obligations.

c. "Cause" shall mean acts or omissions that are (i) criminal, dishonest or fraudulent or constitute willful misconduct that adversely affects the reputation of the Company (including any parent, subsidiary, Affiliate or division of the Company), other than Limited Vicarious Liability (as defined below); (ii) acts or omissions that could reasonably be expected to expose the Company or any parent, subsidiary, Affiliate or division of the Company to claims of illegal harassment or discrimination in employment; (iii) material breaches of this Agreement, which breaches if curable are not cured within thirty (30) days following written notice from the Company; or (iv) continued and repeated refusal to perform, or repeated failure to undertake good faith efforts to perform, substantially the duties of the Executive's employment, which non-performance has continued for thirty (30) days following Executive's receipt of written notice from the Chief Executive Officer or the Board of such non-performance; provided, that, poor performance shall not in and of itself constitute Cause. No action or inaction shall be treated as willful unless done or not done in bad faith and without an objectively reasonable belief it was in the best interests of the Company or any parent, subsidiary, Affiliate or division of the Company. Poor performance shall not in and of itself constitute Cause. Cause shall not occur as a result of actions or inactions based upon directions from the Board or advice of counsel to the Company. Executive shall not be terminated for Cause absent a resolution by the Board and the opportunity to be heard (with his counsel present if he so elects) before the Board. For purposes of this Section 14(c), "Limited Vicarious Liability" shall mean any liability which is (A) based on acts of the Company for which Executive is responsible solely as a result of his office(s) with the Company

and (B) provided that (1) he was not directly involved in such acts and either had no prior knowledge of such intended actions or promptly acted reasonably and in good faith to attempt to prevent the acts causing such liability or (2) he did not have a reasonable basis to believe that a law was being violated by such acts.

d. "Change in Control" shall mean the first to occur of any of the following; provided, that for any distribution that is subject to Section 409A of the Code, a Change in Control under this Agreement shall be deemed to occur only if such event also satisfies the requirements under Treas. Regs. Section 1.409A-3(i)(5):

- i. any Person (as defined in section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such term is modified in sections 13(d) and 14(d) of the Exchange Act), excluding a group of persons including the Executive, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing forty percent (40%) or more of the combined voting power of the Company's then-outstanding securities;
 - ii. individuals who, as of January 1, 2022, constituted the Board (the "Incumbent Board"), cease for any reason to constitute a majority thereof (provided, however, that an individual becoming a director subsequent to January 1, 2022 whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the directors then comprising the Incumbent Board shall be included within the definition of Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual election contest (or such terms used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board); or
 - iii. the stockholders of the Company consummate a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in (x) the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (i.e., the ultimate parent entity if one exists)) at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (y) the members of the board of directors of the Company as of the time of the Board's approval of the execution of the initial agreement providing for such merger or consolidation continuing to represent a majority of the board of directors of the Company or such surviving entity (i.e., the ultimate parent entity if one exists) immediately after such merger or consolidation.
- e. "Code" shall mean the Internal Revenue Code of 1986, as amended.
- f. "Disability" means the disability of the Executive as defined in Section 409A(a)(2)(C) of the Code.
-

g. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

h. “Good Reason” shall mean (i) a reduction in the Executive’s Base Salary or Annual Bonus or aggregate compensation opportunity during the Employment Term (other than, prior to a Change in Control, any reduction solely to Base Salary that is also applicable in a substantially similar manner and proportion to the other senior executives of the Company generally, that is not in excess of an aggregate 10%), (ii) a material adverse change in the Executive’s title or position with the Company or the nature or scope of the Executive’s duties during the Employment Term, as defined in Section 1, or Executive no longer reports solely and directly to the Chief Executive Officer, (iii) a demand by the Company during the Employment Term, as defined in Section 1, that the Executive relocate outside of the location at which the Executive was primarily working at the time of such demand, (iv) a material breach by the Company or its Affiliates of this Agreement or any material compensation agreement, or (v) the Company’s failure to renew this Agreement pursuant to Section 1(a) so long as the Executive was willing and able to execute a new agreement under substantially similar terms. In order to effectuate a resignation with Good Reason, the Executive must provide written notice to the Company of the existence of Good Reason no later than ninety (90) days after the Executive’s knowledge of its initial existence, the Company shall have a period of thirty (30) days following its receipt of such written notice during which it may remedy in all material respects the Good Reason condition identified in such written notice. If the Company fails to remedy in all material respects such Good Reason condition, the Executive shall be permitted to terminate with Good Reason during the thirty (30) day period following the foregoing cure period.

i. “Qualifying Termination” shall mean a termination of the Executive’s employment by the Company without Cause or by the Executive for Good Reason. A termination of employment due to death or Disability shall constitute a Qualifying Termination.

15. No Mitigation; Limited Offset. In no event shall the Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Executive hereunder, and such amounts shall not be reduced regardless whether the Executive obtains other employment.

16. Reformation. Except as otherwise set forth in Section 11 of this Agreement, if any provision(s) of this Agreement shall be found invalid, illegal, or unenforceable, in whole or in part, then such provision(s) shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted or as if such provision(s) had not been originally incorporated herein, as the case may be.

17. Governing Law; Venue for Disputes. This Agreement shall be governed under the internal laws of the State of Missouri, without regard to its conflict of law principles. The Executive agrees that, except as otherwise set forth in Section 13 above, the exclusive venue and jurisdiction for any litigation concerning the enforcement or enforceability of the terms of this Agreement, or for any litigation that in any way arises out of this Agreement or the Executive’s employment with the Company or any Affiliate, shall be the St. Louis County Circuit Court, in the State of Missouri or, if the federal court has subject matter jurisdiction (and at the option of the party pursuing the claim), in the United States District Court for the Eastern District of Missouri, and the Executive hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to the service of process in connection with any action, suit, or proceeding

against the Executive; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, venue or service of process.

18. Attorneys' Fees. The Company shall promptly reimburse or pay directly the legal fees and costs incurred by the Executive in the review, drafting, and negotiation of this Agreement and any ancillary agreements.

19. Conflict. If any provision of this Agreement conflicts with any other agreement, policy, plan, practice or other the Company document, then the provisions of this Agreement shall control. This Agreement shall supersede any prior agreement, including any Executive Severance and Change in Control Agreement, between the Executive and the Company with respect to the subject matter contained herein and may be amended only by a writing signed by an officer of the Company and the Executive.

20. Code Section 409A. To the extent applicable, it is intended that the payment of the benefits, severance, incentive compensation and/or equity compensation provided under this Agreement shall comply with or be exempt from the provisions of Section 409A of the Code, and this Agreement shall be construed and applied in a manner consistent with this intent. In the event any payment or benefit under this Agreement is determined by the Company to be in the nature of deferred compensation, the Company and the Executive hereby agree to take such actions, not otherwise provided herein, as may be mutually agreed between the parties to ensure that such payments remain exempt from or in compliance with the applicable provisions of Section 409A of the Code and the Treasury Regulations thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Executive is a "specified employee" within the meaning of Section 409A, any payments due upon a termination of the Executive's employment under any arrangement that constitutes a "deferral of compensation" within the meaning of Section 409A and which does not otherwise qualify under the exemptions under Treasury Regulation Section 1.409A-1 (including without limitation, the short-term deferral exemption or the permitted payments under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)), shall be delayed and paid or provided on the earlier of (i) the date which is six months after the Executive's "separation from service" (as such term is defined in Section 409A and the Regulations and the other published guidance thereunder) for any reason other than death, and (ii) the date of the Executive's death. To the extent that any payment or benefit under this Agreement is modified by reason of this Section 20, it shall be modified in a manner that complies with Section 409A and preserves to the maximum possible extent the economic costs or value thereof (as applies) to the respective parties (determined on a pre-tax basis).

21. Withholding. The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order that the Company satisfies any required withholding tax obligation it may have under any applicable law or regulation.

22. Assignment. This Agreement shall be binding upon and inure to the benefit of the Company and any successor or assign of the Company, including (without limitation) any corporation or other entity that may acquire all or substantially all of the assets of the Company, or with or into which the Company may be merged or consolidated, and any such successor or assign shall be deemed substituted for Employer under the provisions hereof; provided, that, if the Company assigns this Agreement to an Affiliate it shall remain secondarily liable. The Executive further hereby consents to the assignment of this Agreement by the Company and waives any assertion or claim that the Executive's contemporaneous consent for such an assignment is needed for the assignment to be effective. The Executive shall not be permitted to assign the Executive's rights or obligations under this Agreement.

23. Third-Party Beneficiaries. The Executive acknowledges and agrees that, if the Executive provides any material services to, or receives any material confidential information concerning, any Affiliate of the Company, such other Affiliate(s) of the Company shall be deemed a third-party beneficiary of the Executive's obligations under Section 11(a) of this Agreement and shall be permitted to enforce Section 11(a) of this Agreement against the Executive as if such Affiliate(s) were the Company hereunder.

24. Entire Agreement. Except as otherwise referenced herein, this Agreement constitutes the entire agreement of the parties with respect to the subject matter of this Agreement. No modification, amendment, or waiver of any of the provisions of this Agreement shall be effective or binding unless set forth in a writing signed by the parties hereto and specifically referring to this Agreement. Unless otherwise specifically agreed by the Executive and the Company in writing following the date hereof, the definitions of Cause, Good Reason and Disability set forth herein shall replace the definitions of those terms applicable to Executive in any other agreement between the Company and the Executive or any Company plan applicable to the Executive and the restrictive covenants set forth in Section 11 herein shall replace the restrictive covenants applicable to Executive with respect to any Company equity award or other plan or agreement; provided, that, for purposes of forfeiture or clawback of any award, any shorter duration of covenant set forth in the applicable award agreement shall apply to such award.

25. Counterparts. This Agreement may be executed in one or more counterparts, which together shall constitute a valid and binding agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Executive and the Company, by its duly authorized representatives, have executed this Agreement effective as of the date set forth below.

EXECUTIVE

CENTENE CORPORATION

/s/ ANDREW ASHER

By: /s/ H. ROBERT SANDERS

Andrew Asher

April 28, 2022

April 29, 2022

Date

Date

EXHIBIT A

FORM OF GENERAL RELEASE OF ALL CLAIMS

THIS GENERAL RELEASE OF ALL CLAIMS (this "General Release"), dated as of _____, is made by and between Andrew Asher ("Executive") and Centene Corporation (together with its successors and assigns, the "Company").

WHEREAS, the Company and Executive are parties to that certain Employment Agreement, dated as of April 28, 2022 (the "Employment Agreement");

WHEREAS, Executive's employment with the Company has been terminated and Executive is entitled to receive severance and other benefits, as set forth in Section 5 of the Employment Agreement subject to the execution of this General Release;

WHEREAS, in consideration for Executive's signing of this General Release, the Company will provide Executive with such severance and benefits pursuant to the Employment Agreement; and

WHEREAS, except as otherwise expressly set forth herein, the parties hereto intend that this General Release shall effect a full satisfaction and release of the obligations described herein owed to Executive by the Company.

NOW, THEREFORE, in consideration of the premises, the mutual covenants of the parties hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Executive, for Executive, Executive's spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other individuals and entities claiming through Executive, if any (collectively, the "Executive Releasers"), does hereby release, waive, and forever discharge the Company and each of its respective agents, subsidiaries, parents, affiliates, related organizations, employees, officers, directors, attorneys, successors, and assigns in their capacities as such (collectively, the "Employer Releasees") from, and does fully waive any obligations of Employer Releasees to Executive Releasers for, any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, which heretofore has been or which hereafter may be suffered or sustained, directly or indirectly, by Executive Releasers in consequence of, arising out of, or in any way relating to: (a) Executive's employment with the Company; (b) the termination of Executive's employment with the Company; (c) the Employment Agreement; or (d) any events relating to Executive's employment occurring on or prior to the date of this General Release. The foregoing release, discharge and waiver includes, but is not limited to, all waivable claims and any obligations or causes of action arising from such claims, under common law including wrongful or retaliatory discharge, breach of contract (including but not limited to any claims under the Employment Agreement other than claims for unpaid severance benefits, bonus or salary earned thereunder) and any action arising in tort including libel, slander, defamation or intentional infliction of emotional distress, and claims under any federal, state or local statute including the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the National Labor Relations Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, or the discrimination or employment laws of any state or municipality, and/or any claims under any express or

implied contract which Executive Releasers may claim existed with Employer Releasees. This also includes a release of any claims for wrongful discharge and all other claims for alleged physical or personal injury, emotional distress relating to or arising out of Executive's employment with the Company or any of its subsidiaries or affiliates or the termination of that employment; and any claims under the WARN Act or any similar law, which requires, among other things, that advance notice be given of certain work force reductions. Notwithstanding anything contained in this Section 1 above to the contrary, nothing contained in herein shall constitute a release by any Executive Releaser of any of his, her or its rights or remedies available to him, her or it, at law or in equity, related to, on account of, in connection with or in any way pertaining to the enforcement of: (i) any right to indemnification, advancement of legal fees or directors and officers liability insurance coverage existing under the constituent documents of the Company or applicable state corporate, limited liability company and partnership statutes or pursuant to any agreement, plan or arrangement; (ii) any rights to the receipt of employee benefits which vested on or prior to the date of this General Release; (iii) the right to receive severance and other benefits under the Employment Agreement; (iv) the right to continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act; (v) any equity rights; (vi) the right to receive worker's compensation, or (vii) this General Release or any of its terms or conditions.

2. Excluded from this General Release and waiver are any claims which cannot be waived by applicable law, including but not limited to the right to participate in an investigation conducted by certain government agencies. Executive does, however, waive Executive's right to any monetary recovery should any government agency (such as the Equal Employment Opportunity Commission) pursue any claims on Executive's behalf. Executive represents and warrants that Executive has not filed any complaint, charge, or lawsuit against the Employer Releasees with any government agency or any court.

3. Executive agrees never to seek personal recovery from any Employer Releasee in any forum for any claim covered by the above waiver and release language, except that Executive may bring a claim under the ADEA to challenge this General Release. If Executive violates this General Release by suing an Employer Releasee, then Executive shall be liable to the Employer Releasee so sued for such Employer Releasee's reasonable attorneys' fees and other litigation costs incurred in defending against such a suit; *except that* to the extent such suit includes claims under the ADEA or other claims that are excluded from the release set forth in Section 1 hereof, the Executive shall not be liable for paying for the attorneys' fees and costs associated with such ADEA or other excluded claims. Nothing in this General Release is intended to reflect any party's belief that Executive's waiver of claims under ADEA is invalid or unenforceable, it being the intent of the parties that such claims are waived.

4. Each party agrees that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by any party of any improper or unlawful conduct.

5. Each party acknowledges and recites that he or it has:

- (a) executed this General Release knowingly and voluntarily;
 - (b) had a reasonable opportunity to consider this General Release;
 - (c) read and understands this General Release in its entirety;
-

(d) been advised and directed orally and in writing (and this subparagraph (d) constitutes such written direction) to seek legal counsel and any other advice such party wishes with respect to the terms of this General Release before executing it; and

(e) relied solely on such party's own judgment, belief and knowledge, and such advice as such party may have received from such party's legal counsel.

6. Section 13 of the Employment Agreement, which shall survive the expiration of the Employment Agreement for this purpose, shall apply to any dispute with regard to this General Release.

7. Executive acknowledges and agrees that (a) Executive's execution of this General Release has not been forced by any employee or agent of the Company, and Executive has had an opportunity to negotiate the terms of this General Release; and (b) Executive has been offered twenty-one (21) calendar days after receipt of this General Release to consider its terms before executing it. Executive shall have seven (7) calendar days from the date he executes this General Release to revoke Executive's waiver of any ADEA claims by providing written notice of the revocation to the Company. Such notice shall not be effective unless it is received by the Company within such seven-day period, and provided by the Executive (i) by personal delivery to the CEO or such other individual as may be identified by the Company at the time of Executive's termination, or (ii) by FedEx or other nationally recognized overnight delivery service, or by first class mail with charges or postage prepaid and return receipt requested, in each case properly addressed to the Company at its principal office, or (iii) by such other method as may be designated by the Company at the time of Executive's termination (for example, DocuSign or pdf attachment to email).

8. Capitalized terms used but not defined in this General Release have the meanings ascribed to such terms in the Employment Agreement.

9. This General Release may be executed by the parties in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument. Each counterpart may be delivered by facsimile transmission or e-mail (as a .pdf, .tif or similar un-editable attachment), which transmission shall be deemed delivery of an originally executed counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the day and year first above written.

CENTENE CORPORATION:

By:

Name:

Title:

EXECUTIVE:

Name: Andrew Asher

CERTIFICATION

I, Sarah M. London, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Centene Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 26, 2022

/s/ SARAH M. LONDON
Chief Executive Officer
(principal executive officer)

CERTIFICATION

I, Andrew L. Asher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Centene Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 26, 2022

/s/ ANDREW L. ASHER

Executive Vice President and Chief Financial Officer
(principal financial officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Centene Corporation (the Company) for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned, Sarah M. London, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 26, 2022

/s/ SARAH M. LONDON

Chief Executive Officer
(principal executive officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Centene Corporation (the Company) for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned, Andrew L. Asher, Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 26, 2022

/s/ ANDREW L. ASHER

Executive Vice President and Chief Financial Officer
(principal financial officer)