

Contact: Centene Corporation
Karey L. Witty
Chief Financial Officer
(314) 725-4477

Investor Relations
In-Site Communications
Lisa Carlton-Wilson
President
(212) 759-3929

**CENTENE CORPORATION REPORTS SECOND QUARTER RESULTS
AND INCREASES GUIDANCE FOR 2002**

Company Posts Twelfth Consecutive Quarter of Profit Improvement

ST. LOUIS, MISSOURI (July 24, 2002) -- Centene Corporation (Nasdaq: CNTE) today announced the Company's financial results for the second quarter ended June 30, 2002.

Second Quarter Highlights

- Revenues of \$107.6 million, a 34% increase over the second quarter of 2001
- Earnings from operations of \$7.7 million, a 71% increase over the second quarter of 2001
- Earnings per diluted share of \$0.45
- Twelfth consecutive quarter of increased profitability from continuing operations
- Days in claims payable of 65.6, reflecting the payment of physician bonuses and improvements in claims payment efficiencies
- Completed follow-on offering of 5.75 million shares, including underwriters' over-allotment
- Signed definitive agreement with Texas Universities Health Plan, Inc. to purchase the Children's Health Insurance Program (CHIP) contract in certain Texas markets
- Filing Form 10-Q concurrent with earnings release

Michael F. Neidorff, Centene's president and chief executive officer, said, "We continue to meet our targets and to deliver consistent, sustainable and predictable results. Growth this quarter was driven by significant increases in membership, an improved health benefits ratio within our target range, and continued improvement in our general and administrative expense ratio. We will continue to work with the states regarding rate increases and healthcare cost decreases that will help us to maintain margins going forward."

Membership totaled 278,600 at June 30, 2002, a 31% increase from 213,200 at June 30, 2001 and a 12% increase from 249,300 at March 31, 2002.

The following table depicts membership by state at June 30, 2002 and 2001:

| | 2002 | 2001 |
|---------------------|----------------|----------------|
| Wisconsin | 123,900 | 103,000 |
| Indiana | 92,800 | 54,600 |
| Texas | 61,900 | 55,600 |
| <i>TOTAL</i> | 278,600 | 213,200 |

The following table depicts membership by line of business at June 30, 2002 and 2001:

| | 2002 | 2001 |
|---------------------|----------------|----------------|
| Medicaid | 254,700 | 194,800 |
| CHIP | 23,900 | 18,400 |
| <i>TOTAL</i> | 278,600 | 213,200 |

Statement of Earnings Highlights

- For the second quarter of 2002, revenues increased 34% to \$107.6 million from \$80.6 in the second quarter of 2001. The health benefits ratio, which reflects medical services costs as a percent of premium revenues, was 82.0%, which was within the Company's targeted range of 82.0% to 83.5% and compares to 82.6% for the same period in 2001. General and administrative expenses as a percent of revenues decreased to 10.9% from 11.9%. Earnings from operations increased 71% to \$7.7 million from

\$4.5 million in 2001. Net earnings improved to \$5.2 million, or \$0.45 per diluted share, compared to \$3.2 million, or \$0.42 per diluted share, for the second quarter of 2001.

- For the six months ended June 30, 2002, revenues increased 35% to \$203.4 million from \$150.9 million in the first six months of 2001. The health benefits ratio of 82.2% compares to 83.0% for the same period in 2001. General and administrative expenses as a percent of revenues decreased to 11.0% from 12.2%. Earnings from operations increased 88% to \$14.0 million from \$7.4 million in 2001. Net earnings improved to \$9.5 million, or \$0.83 per diluted share, compared to \$5.4 million, or \$0.70 per diluted share, for the six months ended in 2001.
- In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested at least annually for impairment. The Company adopted SFAS No. 142 effective January 1, 2002. For the quarter ended June 30, 2001, this adjustment would have added \$122,000 in net earnings, or \$0.02 per diluted share.

The following table sets forth the first and second quarters of 2002 compared to 2001 on a pro forma basis. Pro forma net earnings per diluted share assume that: 1) the Company's initial public offering was completed as of January 1, 2001, 2) all classes of preferred and common stock were converted into a single class of common stock, 3) subordinated notes of \$4.0 million were repaid with a portion of the net proceeds of \$41.0 million from the Company's initial public offering, and 4) the balance of the net proceeds was invested in short-term instruments bearing interest of 3.5%.

| | As Reported 2002 | Pro Forma 2001 |
|----------------------------|-----------------------------|---------------------------|
| First Quarter | \$0.38 | \$0.22 |
| Second Quarter | \$0.45 | \$0.32 |
| <i>Year To Date</i> | \$0.83 | \$0.54 |

Balance Sheet Highlights

At June 30, 2002, the Company had cash and investments of \$129.2 million, a portion of which is restricted due to state regulatory requirements. Consistent with the prior quarter guidance, medical claims liabilities total \$63.6 million representing 65.6 days in claims payable, a reduction from the immediately preceding quarter. The decrease in days in claims payable reflects the Company's settlement of payments related to provider risk sharing arrangements, as well as expected improvements in claims payment efficiencies. Efficiencies gained during the quarter enabled the Company to reduce its claims inventory on hand at quarter end to 0.28 per member from 0.34 at the immediately preceding quarter end.

Outlook

The Company raised its full-year earnings outlook for fiscal year 2002 to a range of \$1.73 to \$1.77 per share, or a 38% to 42% increase from Centene's pro forma \$1.25 for 2001. Centene expects to continue to operate within its targeted 82.0% to 83.5% health benefits ratio while reducing general and administrative expenses as a percentage of total revenue by 60 to 100 basis points year over year. Revenues are expected to increase by 30% to 33% for the year ended December 31, 2002 compared to 2001.

Neidorff commented, "We intend to continue to grow organically by adding new members in both Medicaid and CHIP, and by increasing our fee-for-service revenues in Medicaid-related products. Additionally, we remain optimistic about the opportunity to expand and diversify the business and intend to leverage our strong balance sheet to execute our acquisition strategy. These strategies have served us well over the past twelve quarters, and we look forward to continuing to grow revenues and increase shareholder value going forward."

Conference Call

As previously announced, the Company will host a conference call tomorrow morning, July 25, 2002, at 8:30 a.m. (Eastern Daylight Time) to review the financial results for the second quarter ended June 30, 2002, and to discuss its business outlook. Michael F. Neidorff and Karey L. Witty, chief financial officer of Centene, will host the conference call. Investors are invited to participate in the conference call by dialing (800) 450-0819 in the United States, and (612) 332-0819 for international participants, or via a live

Internet broadcast at the Company's website, <http://www.centene.com>. A replay of the call will be available from July 25, 2002 beginning at 12:00 p.m. and ending on August 1, 2002 at 11:59 p.m. Investors may dial (800) 475-6701 in the United States and (320) 365-3844 from abroad and enter access number 644427. Additionally, the webcast will be archived for the same period at <http://www.centene.com>.

About Centene Corporation

Centene Corporation provides managed care programs and related services to individuals receiving benefits under Medicaid, including Supplemental Security Income (SSI), and the Children's Health Insurance Program (CHIP). The Company operates health plans in Wisconsin, Indiana and Texas.

The information provided in the first paragraph under "Statement of Earnings Highlights" and both paragraphs under "Outlook" above contains forward-looking statements that relate to future events and future financial performance of Centene. These forward-looking statements represent the Company's estimates as of July 24, 2002. Subsequent events and developments may cause the Company's estimates to change. The Company disclaims any obligation to update this forward-looking financial information in the future. Readers are cautioned that matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, regulatory, competitive and other factors that may cause Centene's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Actual results may differ from projections or estimates due to a variety of important factors, including Centene's ability to accurately predict and effectively manage health benefits and other operating expenses, competition, changes in health care practices, changes in federal or state laws or regulations, inflation, provider contract changes, new technologies, reduction in provider payments by governmental payors, major epidemics, disasters and numerous other factors affecting the delivery and cost of healthcare. The expiration, cancellation or suspension of Centene's Medicaid managed care contracts by state governments would also negatively affect Centene.

[Tables Follow]

CENTENE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

| | June 30, December 31, 2002 | 2001 |
|---|---|----------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 44,336 | \$ 88,867 |
| Premium and related receivables, net of allowances of \$3,164 and \$3,879, respectively | 7,524 | 7,032 |
| Short-term investments, at fair value (amortized cost \$6,135 and \$1,166, respectively) | 6,132 | 1,169 |
| Deferred income taxes | 3,424 | 2,515 |
| Other current assets | <u>4,215</u> | <u>2,464</u> |
| Total current assets | 65,631 | 102,047 |
| LONG-TERM INVESTMENTS , at fair value (amortized cost \$78,390 and \$22,127, respectively) | 78,752 | 22,339 |
| PROPERTY AND EQUIPMENT , net | 5,395 | 3,796 |
| INTANGIBLE ASSETS , net | 2,732 | 2,396 |
| DEFERRED INCOME TAXES | 382 | 788 |
| OTHER ASSETS | <u>4,844</u> | <u>—</u> |
| Total assets | <u>\$ 157,736\$</u> | <u>131,366</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Medical claims liabilities | \$ 63,557 | \$ 59,565 |
| Accounts payable and accrued expenses | <u>5,141</u> | <u>7,712</u> |
| Total current liabilities | 68,698 | 67,277 |
| OTHER LIABILITIES | <u>4,738</u> | <u>—</u> |
| Total liabilities | <u>73,436</u> | <u>67,277</u> |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, \$.001 par value; authorized 40,000,000 shares; 10,638,207 and 10,085,112 shares issued and outstanding | 11 | 10 |
| Additional paid-in capital | 71,443 | 60,857 |
| Net unrealized gain on investments, net of tax | 226 | 135 |
| Retained earnings | <u>12,620</u> | <u>3,087</u> |
| Total stockholders' equity | <u>84,300</u> | <u>64,089</u> |
| Total liabilities and stockholders' equity | <u>\$ 157,736\$</u> | <u>131,366</u> |

CENTENE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|-----------------|------------------------------|-----------------|
| | 2002 | 2001 | 2002 | 2001 |
| | (Unaudited) | | (Unaudited) | |
| REVENUES: | | | | |
| Premiums | \$ 107,503 | \$ 80,458 | \$ 203,152 | \$ 150,682 |
| Administrative services fees | <u>107</u> | <u>102</u> | <u>211</u> | <u>182</u> |
| Total revenues | <u>107,610</u> | <u>80,560</u> | <u>203,363</u> | <u>150,864</u> |
| EXPENSES: | | | | |
| Medical services costs | 88,109 | 66,466 | 167,053 | 125,039 |
| General and administrative expenses | <u>11,783</u> | <u>9,581</u> | <u>22,330</u> | <u>18,406</u> |
| Total operating expenses | <u>99,892</u> | <u>76,047</u> | <u>189,383</u> | <u>143,445</u> |
| Earnings from operations | 7,718 | 4,513 | 13,980 | 7,419 |
| OTHER INCOME (EXPENSE): | | | | |
| Investment and other income, net | 976 | 931 | 1,891 | 1,897 |
| Interest expense | <u>(11)</u> | <u>(101)</u> | <u>(11)</u> | <u>(196)</u> |
| Earnings before income taxes | 8,683 | 5,343 | 15,860 | 9,120 |
| INCOME TAX EXPENSE | <u>3,449</u> | <u>2,113</u> | <u>6,327</u> | <u>3,708</u> |
| Net earnings | 5,234 | 3,230 | 9,533 | 5,412 |
| ACCRETION OF REDEEMABLE PREFERRED STOCK | <u>—</u> | <u>(123)</u> | <u>—</u> | <u>(246)</u> |
| Net earnings attributable to common stockholders | <u>\$ 5,234</u> | <u>\$ 3,107</u> | <u>\$ 9,533</u> | <u>\$ 5,166</u> |
| EARNINGS PER COMMON SHARE, BASIC: | | | | |
| Net earnings per common share | \$ 0.51 | \$ 3.41 | \$ 0.93 | \$ 5.68 |
| EARNINGS PER COMMON SHARE, DILUTED: | | | | |
| Net earnings per common share | \$ 0.45 | \$ 0.42 | \$ 0.83 | \$ 0.70 |
| SHARES USED IN COMPUTING PER SHARE AMOUNTS: | | | | |
| Basic | 10,322,610 | 911,636 | 10,207,618 | 908,907 |
| Diluted | 11,546,379 | 7,738,742 | 11,435,183 | 7,748,825 |

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Six Months Ended June 30, | |
|--|--------------------------------------|-------------------------|
| | 2002 | 2001 |
| | (Unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net earnings | \$ 9,533 | \$ 5,412 |
| Adjustments to reconcile net earnings to net cash provided by operating activities - | | |
| Depreciation and amortization | 975 | 631 |
| Stock compensation expense | 49 | 6 |
| Gain on sale of investments | (307) | (49) |
| Changes in assets and liabilities - | | |
| (Increase) decrease in premium and related receivables | (492) | 10,882 |
| (Increase) decrease in other current assets | (1,676) | 2,104 |
| (Increase) decrease in deferred income taxes | (555) | 925 |
| Increase in other assets | (106) | — |
| Increase in medical claims liabilities | 3,992 | 2,784 |
| (Decrease) increase in accounts payable and accrued expenses | <u>(2,497)</u> | <u>5,299</u> |
| Net cash provided by operating activities | <u>8,916</u> | <u>27,994</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (2,431) | (1,793) |
| Purchase of investments | (87,328) | (15,918) |
| Sales and maturities of investments | 29,093 | 10,455 |
| Contract acquisitions | — | (1,000) |
| Investment in subsidiary | <u>(3,193)</u> | <u>7,701</u> |
| Net cash used in investing activities | <u>(63,859)</u> | <u>(555)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net proceeds from issuance of common stock | 10,304 | — |
| Proceeds from exercise of stock options | <u>108</u> | <u>17</u> |
| Net cash provided by financing activities | <u>10,412</u> | <u>17</u> |
| Net (decrease) increase in cash and cash equivalents | <u>(44,531)</u> | <u>27,456</u> |
| CASH AND CASH EQUIVALENTS, beginning of period | <u>88,867</u> | <u>19,023</u> |
| CASH AND CASH EQUIVALENTS, end of period | <u><u>\$ 44,336</u></u> | <u><u>\$ 46,479</u></u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Interest paid | \$ — | \$ 439 |
| Income taxes paid | \$ 9,282 | \$ 1,758 |
| The Company purchased all of the capital stock of Bankers Reserve for \$3,527. In conjunction with the acquisition, liabilities were assumed as follows: | | |
| Fair value of assets acquired | \$ 8,719 | |
| Cash paid for the capital stock | <u>(3,527)</u> | |
| Liabilities assumed | <u><u>\$ 5,192</u></u> | |

CENTENE CORPORATION

SUPPLEMENTAL FINANCIAL DATA

| | Q2 | Q1 | Q4 | Q3 |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2002 | 2002 | 2001 | 2001 |
| MEMBERSHIP | | | | |
| Wisconsin | 123,900 | 114,600 | 114,300 | 108,100 |
| Indiana | 92,800 | 77,600 | 65,900 | 61,800 |
| Texas | 61,900 | 57,100 | 54,900 | 54,900 |
| TOTAL | <u>278,600</u> | <u>249,300</u> | <u>235,100</u> | <u>224,800</u> |
| Medicaid | 254,700 | 228,400 | 214,100 | 205,200 |
| CHIP | 23,900 | 20,900 | 21,000 | 19,600 |
| TOTAL | <u>278,600</u> | <u>249,300</u> | <u>235,100</u> | <u>224,800</u> |
| REVENUE PER MEMBER | \$132.33 | \$131.84 | \$129.95 | \$129.27 |
| CLAIMS | | | | |
| Inventory | 79,013 | 83,957 | 123,355 | 142,759 |
| Inventory per Member | 0.28 | 0.34 | 0.52 | 0.64 |
| DAYS IN CLAIMS PAYABLE | 65.6 | 74.0 | 73.4 | 83.5 |

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