

**CENTENE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except share data)

	December 31, 2016	December 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,930	\$ 1,760
Premium and related receivables	3,098	1,279
Short term investments	505	176
Other current assets	832	390
Total current assets	8,365	3,605
Long term investments	4,545	1,927
Restricted deposits	138	115
Property, software and equipment, net	797	518
Goodwill	4,712	842
Intangible assets, net	1,545	155
Other long term assets	95	177
Total assets	<u>\$ 20,197</u>	<u>\$ 7,339</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Medical claims liability	\$ 3,929	\$ 2,298
Accounts payable and accrued expenses	3,763	976
Return of premium payable	614	207
Unearned revenue	313	143
Current portion of long term debt	4	5
Total current liabilities	8,623	3,629
Long term debt	4,651	1,216
Other long term liabilities	869	170
Total liabilities	14,143	5,015
Commitments and contingencies		
Redeemable noncontrolling interests	145	156
Stockholders' equity:		
Preferred stock, \$.001 par value; authorized 10,000,000 shares; no shares issued or outstanding at December 31, 2016 and December 31, 2015	—	—
Common stock, \$.001 par value; authorized 400,000,000 shares; 178,134,306 issued and 171,919,071 outstanding at December 31, 2016, and 126,855,477 issued and 120,342,981 outstanding at December 31, 2015	—	—
Additional paid-in capital	4,190	956
Accumulated other comprehensive loss	(36)	(10)
Retained earnings	1,920	1,358
Treasury stock, at cost (6,215,235 and 6,512,496 shares, respectively)	(179)	(147)
Total Centene stockholders' equity	5,895	2,157
Noncontrolling interest	14	11
Total stockholders' equity	5,909	2,168
Total liabilities and stockholders' equity	<u>\$ 20,197</u>	<u>\$ 7,339</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 share data)

	Year Ended December 31,		
	2016	2015	2014
<b>Revenues:</b>			
Premium	\$ 35,399	\$ 19,389	\$ 14,198
Service	2,180	1,876	1,469
Premium and service revenues	37,579	21,265	15,667
Premium tax and health insurer fee	3,028	1,495	893
Total revenues	40,607	22,760	16,560
<b>Expenses:</b>			
Medical costs	30,636	17,242	12,678
Cost of services	1,864	1,621	1,280
Selling, general and administrative expenses	3,676	1,802	1,298
Amortization of acquired intangible assets	147	24	16
Premium tax expense	2,563	1,151	698
Health insurer fee expense	461	215	126
Total operating expenses	39,347	22,055	16,096
Earnings from operations	1,260	705	464
<b>Other income (expense):</b>			
Investment and other income	114	35	28
Interest expense	(217)	(43)	(35)
Earnings from continuing operations, before income tax expense	1,157	697	457
Income tax expense	599	339	196
Earnings from continuing operations, net of income tax expense	558	358	261
<b>Discontinued operations, net of income tax expense (benefit) of \$2, \$(1), and \$1, respectively</b>	<b>3</b>	<b>(1)</b>	<b>3</b>
Net earnings	561	357	264
<b>(Earnings) loss attributable to noncontrolling interests</b>	<b>1</b>	<b>(2)</b>	<b>7</b>
<b>Net earnings attributable to Centene Corporation</b>	<b>\$ 562</b>	<b>\$ 355</b>	<b>\$ 271</b>
<b>Amounts attributable to Centene Corporation common shareholders:</b>			
Earnings from continuing operations, net of income tax expense	\$ 559	\$ 356	\$ 268
Discontinued operations, net of income tax expense (benefit)	3	(1)	3
Net earnings	\$ 562	\$ 355	\$ 271
<b>Net earnings (loss) per common share attributable to Centene Corporation:</b>			
Basic:			
Continuing operations	\$ 3.50	\$ 2.99	\$ 2.30
Discontinued operations	0.02	(0.01)	0.03
Basic earnings per common share	\$ 3.52	\$ 2.98	\$ 2.33
Diluted:			
Continuing operations	\$ 3.41	\$ 2.89	\$ 2.23
Discontinued operations	0.02	(0.01)	0.02
Diluted earnings per common share	\$ 3.43	\$ 2.88	\$ 2.25
<b>Weighted average number of common shares outstanding:</b>			
Basic	159,567,607	119,100,744	116,345,764
Diluted	163,975,407	123,066,370	120,360,212

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

	Year Ended December 31,		
	2016	2015	2014
<b>Cash flows from operating activities:</b>			
Net earnings	\$ 561	\$ 357	\$ 264
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	278	111	89
Stock compensation expense	148	71	48
Debt extinguishment costs	(7)	—	—
Deferred income taxes	92	(17)	(42)
Gain on contingent consideration	(5)	(44)	—
Goodwill and intangible adjustment	—	38	—
Changes in assets and liabilities			
Premium and related receivables	74	(360)	(463)
Other assets	167	(102)	(7)
Medical claims liabilities	145	536	609
Unearned revenue	43	(27)	129
Accounts payable and accrued expenses	402	39	506
Other long term liabilities	(61)	51	89
Other operating activities, net	14	5	1
Net cash provided by operating activities	1,851	658	1,223
<b>Cash flows from investing activities:</b>			
Capital expenditures	(306)	(150)	(103)
Purchases of investments	(2,450)	(1,321)	(1,015)
Sales and maturities of investments	1,656	669	406
Investments in acquisitions, net of cash acquired	(1,297)	(18)	(136)
Other investing activities, net	—	7	—
Net cash used in investing activities	(2,397)	(813)	(848)
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	8,946	1,925	1,875
Payment of long term debt	(6,076)	(1,583)	(1,674)
Common stock repurchases	(63)	(53)	(29)
Debt issuance costs	(76)	(4)	(7)
Other financing activities, net	(14)	20	33
Net cash provided by financing activities	2,717	305	198
Effect of exchange rate changes on cash and cash equivalents	(1)	—	(1)
Net increase in cash and cash equivalents	2,170	150	572
Cash and cash equivalents, beginning of period	1,760	1,610	1,038
Cash and cash equivalents, end of period	\$ 3,930	\$ 1,760	\$ 1,610
<b>Supplemental disclosures of cash flow information:</b>			
Interest paid	\$ 165	\$ 55	\$ 40
Income taxes paid	\$ 556	\$ 328	\$ 237
Equity issued in connection with acquisitions	\$ 3,105	\$ 12	\$ 190

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