

CENTENE CORP  
Form PRE 14A  
March 06, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**CENTENE CORPORATION**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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4) Date Filed:

SEC 1913 (11-01) **Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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**PRELIMINARY COPY**

Notice of Annual Meeting  
of Stockholders and  
2015 Proxy Statement

March 16, 2015

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**PRELIMINARY COPY**

CENTENE CORPORATION

Centene Plaza

7700 Forsyth Boulevard

St. Louis, Missouri 63105

March 16, 2015

Dear Fellow Stockholders:

Our 2015 Annual Meeting of Stockholders will be held at Centene Plaza, 7700 Forsyth Boulevard, St. Louis, Missouri, at 10:00 A.M., central daylight savings time, on Tuesday, April 28, 2015. Annual meetings play an important role in maintaining communications and understanding among our management, Board of Directors and stockholders, and I hope that you will be able to join us.

We are pleased to continue taking advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the Internet. We believe that this e-proxy process expedites stockholders' receipt of proxy materials, lowers the costs and reduces the environmental impact of our annual meeting. On or about March 16, 2015, we will begin mailing to our stockholders a proxy notice containing instructions on how to access our Proxy Statement, Annual Review and Annual Report on Form 10-K, and vote on-line. Information concerning the matters to be considered and voted upon at the Annual Meeting is set forth in the Notice of 2015 Annual Meeting of Stockholders and Proxy Statement. The Proxy Statement contains instructions on how you can receive a paper copy of the Proxy Statement, Annual Review and Annual Report on Form 10-K, if you only received a proxy notice by mail.

If you are a stockholder of record you may vote:

i via internet;

i by telephone;

i by mail; or

i in person at the meeting.

To vote by internet or telephone, please follow the instructions on the proxy notice. To vote by mail, request a set of proxy materials as instructed on the proxy notice. You may attend the meeting and vote in person even if you have

previously voted.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted.

Sincerely,

Michael F. Neidorff

*Chairman, President and*

*Chief Executive Officer*

**THE ABILITY TO HAVE YOUR VOTE COUNTED AT THE MEETING IS AN IMPORTANT  
STOCKHOLDER RIGHT, AND I HOPE YOU WILL CAST YOUR VOTE IN PERSON  
OR BY PROXY REGARDLESS OF THE NUMBER OF SHARES YOU HOLD.**

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**PRELIMINARY COPY**

**CENTENE CORPORATION**

**CENTENE PLAZA**

**7700 FORSYTH BOULEVARD**

**ST. LOUIS, MISSOURI 63105**

**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS**

Time and Date	10:00 A.M., central daylight savings time, on Tuesday, April 28, 2015
Place	Centene Plaza  7700 Forsyth Boulevard  St. Louis, Missouri 63105  Centene Auditorium
Items of Business	At the meeting, we will ask you and our other stockholders to consider and act upon the following matters:  (1) to elect three Class II Directors to three-year terms;  (2) advisory resolution to approve executive compensation;  (3) to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015;  (4) to ratify an amendment to the Company's By-Laws to include a forum selection clause; and  (5) to transact any other business properly presented at the meeting.
Record Date	You may vote if you were a stockholder of record at the close of business on February 27, 2015.
Proxy Voting	It is important that your shares be represented and voted at the meeting. Whether or not you plan to attend the meeting, please vote by internet, telephone or mail. You may revoke your proxy at any time before its exercise at the meeting. Please reference the proxy notice for additional information.
Stockholder List	A list of stockholders entitled to vote will be available at the meeting. In addition, you may contact our Secretary, Keith H. Williamson, at our address as set forth above, to make arrangements to review a copy of the stockholder list at our offices located at 7700 Forsyth Boulevard, St. Louis, Missouri, before the meeting, between the hours of 8:00 A.M. and

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5:00 P.M., central daylight savings time, on any business day from April 14, 2015, up to one hour prior to the time of the meeting.

Attending the Annual Meeting

If you would like to attend the meeting, please bring evidence to the meeting that you own common stock, such as a stock certificate, or, if your shares are held by a broker, bank or other nominee, please bring a recent brokerage statement or a letter from the nominee confirming your beneficial ownership of such shares. You must also bring a form of personal identification.

By order of the Board of Directors,  
*Keith H. Williamson*  
*Secretary*

St. Louis, Missouri

March 16, 2015



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*In February 2015, the Board of Directors declared a two-for-one split of Centene's common stock in the form of a 100% stock dividend distributed on February 19, 2015 to stockholders of record on*

*February 12, 2015. All share, per share and stock price information presented in this proxy statement, including EPS performance targets, has been adjusted for the two-for-one stock split.*

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**

**PRELIMINARY COPY**

**Information About the Meeting**

We have sent you a notice of this proxy statement because our Board of Directors is soliciting your proxy to vote at our 2015 Annual Meeting of Stockholders or any adjournment or postponement of the meeting.

**When and where is the annual meeting?**

**When:** Tuesday, April 28, 2015 at 10:00 a.m., central daylight savings time

**Where:** Centene Plaza, 7700 Forsyth Boulevard, St. Louis, Missouri.

- i THIS PROXY STATEMENT summarizes information about the proposals to be considered at the meeting and other information you may find useful in determining how to vote.
- i THE PROXY CARD is the means by which you actually authorize another person to vote your shares in accordance with the instructions.

Our Directors, officers and employees may solicit proxies in person or by telephone, mail, electronic mail or facsimile. We will pay the expenses of soliciting proxies, although we will not pay additional compensation to these individuals for soliciting proxies. We will request banks, brokers and other nominees holding shares for a beneficial owner to forward copies of the proxy materials to those beneficial owners and to request instructions for voting those shares. We will reimburse these banks, brokers and other nominees for their related reasonable expenses. The Company has retained Morrow & Co., LLC to assist in the solicitation of proxies at an estimated cost of \$12,500, plus expenses.

We are making this proxy statement, our 2014 Annual Review and our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 available to stockholders for the first time on or about March 16, 2015.

**Who is entitled to vote at the meeting?**

Holders of record of our common stock at the close of business on February 27, 2015 are entitled to one vote per share on each matter properly brought before the meeting. The proxy notice states the number of shares you are entitled to vote.

You may vote your shares at the meeting in person or by proxy:

- i **TO VOTE IN PERSON**, you must attend the meeting, and then complete and submit the ballot provided at the meeting. If your shares are held in the name of a bank, broker or other nominee holder, you will receive instructions from the holder of record explaining how your shares may be voted. Please note that, in such an event, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the meeting.
  
- i **TO VOTE BY PROXY**, you must follow the instructions on the proxy notice and then vote by means of the internet, telephone or, if you received your proxy materials by mail, mailing the proxy card in the enclosed postage-paid envelope. Your proxy will be valid only if you vote before the meeting. By voting, you will direct the designated persons to vote your shares at the meeting in the manner you specify. If, after requesting paper materials, you complete the proxy card with the exception of the voting instructions, then the designated persons will vote your shares in accordance with the instructions contained therein, and if no choice is specified, such proxies will be voted in favor of the matters set forth in the accompanying Notice of 2015 Annual Meeting of Stockholders. If any other business properly comes before the meeting, the designated persons will have the discretion to vote your shares as they deem appropriate.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT  
INFORMATION ABOUT THE MEETING**

Even if you vote by means of the internet, telephone, or complete and return a proxy card, you may revoke it at any time before it is exercised by taking one of the following actions:

- i send written notice to Keith H. Williamson, our Secretary, at our address as set forth in the accompanying Notice of 2015 Annual Meeting of Stockholders;
- i submit a new vote by means of the mail, internet or telephone; or
- i attend the meeting, notify our Secretary that you are present, and then vote by ballot.

**What do I need to do if I plan to attend the meeting in person?**

If you would like to attend the meeting, please bring evidence to the meeting that you own common stock, such as a stock certificate, or, if your shares are held by a broker, bank or other nominee, please bring a recent brokerage statement or a letter from the nominee confirming your beneficial ownership of such shares. You must also bring a form of personal identification.

At the close of business on February 27, 2015, 118,837,141 shares of our common stock were outstanding, net of treasury shares. Our By-Laws require that a majority of the shares of our common stock issued and outstanding on that date be represented, in person or by proxy, at the meeting in order to constitute the quorum we need to transact business. We will count abstentions and broker non-votes in determining whether a quorum exists. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

In the election of directors, the three nominees receiving the greatest number of votes cast FOR shall be elected as directors, unless otherwise determined in accordance with our majority voting policy. This policy states that in an uncontested election, any Director nominee who receives a greater number of votes withheld for his or her election than FOR votes, the Director nominee must tender his or her resignation promptly following certification of the stockholder vote. The Nominating and Governance Committee is required to make a recommendation to the Board of Directors with respect to any such tendered resignation. The Board of Directors will act on the tendered resignation within 90 days from the certification of the vote and will publicly disclose its decision, including an explanation of its decision. Broker non-votes will have no effect on the voting outcome with respect to the election of directors.

The affirmative vote of the holders of a majority of the votes cast at the meeting is necessary to ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015, to approve on an advisory non-binding basis, the Company's executive compensation and to ratify the amendment to our By-laws to include a forum selection clause. Abstentions and broker non-votes with respect to each of these proposals will not be considered as votes cast with respect to the matter and thus will have no effect on the vote.

Our Board of Directors is not aware of any matters that are expected to come before the meeting other than those referred to in this proxy statement. If any other matter should properly come before the meeting, the persons appointed

as proxies by the Board of Directors intend to vote the proxies in accordance with their best judgment.

The chairperson of the meeting may refuse to allow the transaction of any business not presented beforehand, or to acknowledge the nomination of any person not made, in compliance with the below procedures.

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2015 NOTICE OF MEETING AND PROXY STATEMENT  
**PROPOSAL ONE: ELECTION OF DIRECTORS**

Proposal One: Election of Directors

**Nominees and Continuing Directors**

Our Certificate of Incorporation provides that the Board is to be divided into three classes serving for staggered three-year terms. Under our By-Laws, our Board of Directors has the authority to fix the number of Directors, provided that the Board must have between five and eleven members. The first proposal on the agenda for the meeting is the election of three nominees to serve as Class II Directors for three-year terms beginning at the meeting and ending at our 2018 Annual Meetings of Stockholders.

No Director, including any Director standing for election, or any associate of a Director, is a party adverse to us or any of our subsidiaries in any material proceeding or has any material interest adverse to us or any of our subsidiaries. No Director, including any Director standing for election, is related by blood, marriage or adoption to any other Director or any Executive Officer.

The Board has nominated Robert K. Ditmore, Frederick H. Eppinger and David L. Steward, current Class II Directors, for re-election to the Board. We expect that Mr. Ditmore, Mr. Eppinger and Mr. Steward will be able to serve if elected. If any of them are not able to serve, proxies may be voted for a substitute nominee or nominees. **The Board believes the election of these three nominees is in our best interest and the best interest of our stockholders and recommends a vote FOR the election of the three nominees.**

*Class II Director Continuing in Office Standing for Election for a Term Expiring in 2018*

**Robert K. Ditmore**

**Principal Occupation:** Retired President and Chief Operating Officer of United Healthcare Corporation

**First Became Director:** 1996

**Age:** 80

Mr. Ditmore is a retired President and Chief Operating Officer of United Healthcare Corporation (managed care industry), now known as UnitedHealth Group Inc. Mr. Ditmore also served as a Director of UnitedHealth Group Inc.

**Qualifications:** Mr. Ditmore's range of experience includes, in particular, Chief Executive Officer roles and extensive healthcare and service industry expertise.

### **Frederick H. Eppinger**

**Principal Occupation:** Director, President and Chief Executive Officer of  
The Hanover Insurance Group, Inc.

**First Became Director:** April 2006

**Age:** 56

Mr. Eppinger has served as a Director, President and Chief Executive Officer of The Hanover Insurance Group, Inc. (insurance and financial services industries) since 2003.

**Qualifications:** Mr. Eppinger's range of experience includes, in particular, Chief Executive Officer roles, as well as organizational development and insurance industry expertise.

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2015 NOTICE OF MEETING AND PROXY STATEMENT  
PROPOSAL ONE: ELECTION OF DIRECTORS

**David L. Steward**

**Principal Occupation:** Founder and Chairman of World Wide Technology, Inc.

**First Became Director:** May 2003

**Age:** 63

Mr. Steward is the founder of World Wide Technology, Inc. (systems integration industry) and has served as its Chairman since its founding in 1990. In addition, Mr. Steward has served as Chairman of Telcobuy.com (an affiliate of World Wide Technology, Inc.), since 1997. He also served as Director of First Banks, Inc., a registered bank holding company from 2000 to 2013.

**Qualifications:** Mr. Steward's range of experience includes, in particular, Chief Executive Officer roles, political and regulatory relationships, as well as technology expertise.

*Class I Directors Term Expiring in 2017*

**Michael F. Neidorff**

**Principal Occupation:** Chairman and Chief Executive Officer of Centene Corporation

**First Became Director:** May 1996

**Age:** 72

Mr. Neidorff has served as our Chairman and Chief Executive Officer since May 2004. From May 1996 to May 2004, Mr. Neidorff served as President, Chief Executive Officer and as a member of our Board of Directors. Mr. Neidorff also serves as a director of Brown Shoe Company, Inc.

**Qualifications:** Mr. Neidorff's range of experience includes, in particular, experience as a Chief Executive Officer, as well as healthcare, investment banking and organizational development expertise.

### **Richard A. Gephardt**

**Principal Occupation:** Chief Executive Officer and President of Gephardt Group, LLC;

Former Majority Leader of the U.S. House of Representatives

**First Became Director:** December 2006

**Age:** 74

Mr. Gephardt has served as Chief Executive Officer and President of Gephardt Group, LLC (consulting business) since 2005. Mr. Gephardt served as a Member of the U.S. House of Representatives from 1977 to 2005; he was House Majority Leader from 1989 to 1995 and Minority Leader from 1995 to 2003. He also serves as a Director for Spirit Aerosystems, Inc., CenturyLink, Ford Motor Company, and US Steel Corporation.

**Qualifications:** Mr. Gephardt's range of experience includes, in particular, political and regulatory relationships as well as investment banking and healthcare expertise.

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2015 NOTICE OF MEETING AND PROXY STATEMENT  
PROPOSAL ONE: ELECTION OF DIRECTORS

**John R. Roberts**

**Principal Occupation:** Retired Regional Managing Partner, Arthur Andersen LLP

**First Became Director:** March 2004

**Age:** 73

Mr. Roberts has been a Director since March 2004. Mr. Roberts is a retired Managing Partner, Mid-South Region, Arthur Andersen LLP. He also serves as a Director and Chairman of the audit committee of Energizer Holdings, Inc. Mr. Roberts previously served as a Director for Regions Financial Corporation.

**Qualifications:** Mr. Roberts' range of experience includes, in particular, organizational development expertise as well as experience in financial service industries and public accounting.

*Class III Directors Continuing in Office Term Expiring in 2016*

**Orlando Ayala**

**Principal Occupation:** Corporate Vice President, Chairman, Emerging Markets and

Chief Strategist, National Competitiveness for Microsoft Corporation

**First Became Director:** September 2011

**Age:** 58

Mr. Ayala serves as Corporate Vice President, Chairman, Emerging Markets and Chief Strategist, National Competitiveness for Microsoft Corporation (software and services industries). Mr. Ayala joined Microsoft in 1991 as Senior Director of the Latin America region. For more than 30 years, Mr. Ayala has held increasingly senior leadership roles in the technology sector.

**Qualifications:** Mr. Ayala's range of experience includes, in particular, technology and organizational development expertise.

### **Pamela A. Joseph**

**Principal Occupation:** Vice Chairman of U.S. Bancorp and Chairman and  
Chief Executive Officer of Elavon, Inc.

**First Became Director:** September 2007

**Age:** 56

Ms. Joseph has served as Vice Chairman of U.S. Bancorp (banking and financial services industries) and Chairman and Chief Executive Officer of Elavon, Inc. (a subsidiary of U.S. Bancorp) since 2004. She also serves as a Director for Paychex Inc.

**Qualifications:** Ms. Joseph's range of experience includes, in particular, experience as a Chief Executive Officer, as well as technology and service industry expertise.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**  
**PROPOSAL ONE: ELECTION OF DIRECTORS**

**Tommy G. Thompson**

**Principal Occupation:** Retired Partner in the law firm of Akin Gump Strauss Hauer & Feld LLP;

Former Governor of the State of Wisconsin; Former Health and Human Services Secretary

**First Became Director:** April 2005

**Age:** 73

Mr. Thompson served as Partner in the law firm of Akin Gump Strauss Hauer & Feld LLP in Washington, D.C. from March 2005 to January 2012 and as President of Logistics Health, Inc. from 2005 to June 2011. From 2001 to January 2005, Mr. Thompson served as secretary of U.S. Department of Health & Human Services. From 1987 to 2001, Mr. Thompson served as Governor of the State of Wisconsin. He also serves as a Director for C.R. Bard, Inc., Cytori Therapeutics, Inc., TherapeuticsMD Inc., Physicians Realty Trust and United Therapeutics Corp. Mr. Thompson previously served as a Director for AGA Medical Corp., Cancer Genetics, CareView Communications and CNS Response. Mr. Thompson has expressed his intention to the Company to reduce his participation to a total of five boards, including Centene, by the end of 2015.

**Qualifications:** Mr. Thompson's range of experience includes, in particular, experience as a Chief Executive Officer, political and regulatory relationships and healthcare expertise.

**Corporate Governance and Risk Management**

We believe that good corporate governance is important to ensure that we are managed for the long term benefit of our stockholders. We also recognize the connection between good corporate governance and our ability to create and sustain value for our stockholders. Our Corporate Ethics and Compliance Program provides methods by which we further enhance operations, safeguard against fraud and abuse and help assure that our values are reflected in everything we do. We have also reviewed and believe we are in compliance with the provisions of the Sarbanes-Oxley

Act of 2002, the rules of the SEC, and the listing standards of the New York Stock Exchange (NYSE). Our Board of Directors has adopted Corporate Governance Guidelines addressing, among other things, Director qualifications and responsibilities, responsibilities of key Board committees, Director compensation and management succession. A current copy of the Corporate Governance Guidelines is posted on our website, [www.centene.com](http://www.centene.com).

Our Board of Directors has adopted a Code of Business Conduct and Ethics which is applicable to all Directors, Officers and employees of the Company, including the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. While no code of conduct can replace the thoughtful behavior of an ethical Director, officer or employee, we believe the Code of Business Conduct and Ethics will, among other things, focus our Board and management on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct and generally help foster a culture of honesty and accountability. Any amendment or waiver of the Code of Business Conduct and Ethics may only be made by the Board or a committee of the Board. A current copy of the Code of Business Conduct and Ethics is posted on our website, [www.centene.com](http://www.centene.com). Any future amendments or waivers of the Code of Business Conduct and Ethics will be promptly disclosed on our website.

Our policy concerning pre-approval of related party transactions is incorporated in the provisions of our Code of Business Conduct and Ethics regarding conflicts of interest. As part of our Code of Business Conduct and Ethics, our Directors, officers and employees are responsible for disclosing any transaction or relationship that reasonably could be expected to give rise to a conflict of interest to the Corporate Compliance Officer of the Company or the Board of Directors, in the case of an Executive Officer or Director, who shall be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**

**PROPOSAL ONE: ELECTION OF DIRECTORS**

The Board of Directors oversees the Company's enterprise-wide risk management processes, with assistance provided by Board committees. Management executes risk management activities, which includes identifying, assessing, and aligning actions necessary to manage risk consistent with the Company's strategy.

The oversight responsibility of the Board of Directors and its committees is enabled by quarterly risk reporting to the Board from executive management, designed to provide visibility about the identification, assessment and management of critical risks, including strategic, operational, financial, compensation, public policy, compliance, regulatory, investment, information security and other risks. Furthermore, the Board of Directors and its committees are routinely informed of emerging risks that could affect the Company's risk profile.

As noted above, the Board uses its committees to assist in its risk oversight function:

- i Our Audit Committee assists in the oversight of our financial and reporting risks, disclosure risk and procedures, code of business conduct and ethics risks, investment, and risk assessment and management policies. The Company's Senior Vice President of Internal Audit, who reports to the Audit Committee and Chief Executive Officer, assists the Company in identifying and evaluating risk management controls and methodologies to address risks and provides reports to the Audit Committee quarterly. The Audit Committee meets privately with representatives from the Company's independent registered public accounting firm and the Company's Senior Vice President of Internal Audit.
- i Our Compensation Committee assists in the oversight of risks associated with our compensation plans and policies. Please see the discussion in the Compensation Discussion & Analysis, or CD&A, under the heading Risk Disclosure for a discussion of elements intended to mitigate excessive risk taking by our employees.
- i Our Nominating and Governance Committee assists in the oversight of Board processes and corporate governance related risk.

**Compensation Committee Interlocks and Insider Participation**

Robert K. Ditmore (Chair), Orlando Ayala, Pamela A. Joseph, David L. Steward and Tommy G. Thompson were members of the Compensation Committee during 2014. During 2014, none of our executive officers served as a Director or member of the Compensation Committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our Board of Directors or Compensation

Committee. During 2014, no member of the Compensation Committee had a relationship that must be described under the SEC rules relating to disclosure of related person transactions. None of the current members of our Compensation Committee has ever been an officer or employee of Centene or any of our subsidiaries.

### **Related Party Transactions**

None.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**  
**PROPOSAL ONE: ELECTION OF DIRECTORS**

**Director Independence**

Our Board of Directors has affirmatively determined that all Directors except Michael F. Neidorff, our Chairman, President and Chief Executive Officer, as well as all of the members of each of the Board's committees, are independent as defined under the rules of the NYSE, including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act and in the case of all members of the Compensation Committee, the enhanced independence requirements under the rules of the NYSE. In the course of the Board's determination regarding the independence of each non-employee Director, it considered any transactions, relationships and arrangements as required by the rules of the NYSE. In particular, with respect to each of the most recent three completed fiscal years, the Board evaluated:

- i Mr. Ayala's position as a Vice President of Microsoft Corporation, from whom the Company licenses certain software, and determined that the payments made pursuant to such licenses from 2012-2014 were under 2% of Microsoft's annual revenues during the respective years.
- i Ms. Joseph's position as an Executive Officer of U.S. Bancorp, serving as a lender under the Company's revolving credit facility, and determined that payments to the lender from 2012-2014 were under 2% of the lender's annual revenues during the respective years.
- i Mr. Roberts' position as an independent director of a bank serving as a lender under the Company's revolving credit facility and determined payments to the lender from 2012-2014 were under 2% of the lender's annual revenues during the respective years. In addition, the board evaluated his position on the Board of the Missouri History Museum and determined that contributions made by the Company from 2012-2014 to the Missouri History Museum are less than 2% of the Museum's consolidated gross revenues during the respective years.

All Directors, excluding Michael F. Neidorff, have no direct or indirect material relationship with us except for their role as a Director or stockholder. The Board also broadly considers what it deems to be all relevant facts and circumstances in determining the independence of its members.

**Board of Directors Committees**

Our Board of Directors has established three committees: Audit, Compensation, and Nominating and Governance each of which operates under a charter that has been approved by our Board. Current copies of each committee's charter are posted on our website, [www.centene.com](http://www.centene.com). Our Board of Directors has also established a Government and Regulatory Affairs Committee, which is co-chaired by Richard A. Gephardt and Tommy G. Thompson; a Technology Committee chaired by Orlando Ayala; and a Compliance Committee chaired by Michael Neidorff. The composition of the primary committees is provided in the following table.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**  
**PROPOSAL ONE: ELECTION OF DIRECTORS**

<b>Board Member</b>	<b>Board of Directors</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nominating and Governance Committee</b>
Michael F. Neidorff	Chairman			
Orlando Ayala	ü		ü	
Robert K. Ditmore	Presiding Director		Chairman	ü
Frederick H. Eppinger	ü	ü		
Richard A. Gephardt	ü			
Pamela A. Joseph	ü	ü	ü	
John R. Roberts	ü	Chairman		
David L. Steward	ü		ü	Chairman
Tommy G. Thompson	ü		ü	ü
<b>Meetings held in 2014</b>	<b>17</b>	<b>4</b>	<b>5</b>	<b>1</b>

All of our Directors attended 75% or more of the meetings of the Board and of any committees thereof on which they served. Our corporate governance guidelines provide that Directors are expected to attend the 2015 Annual Meeting of Stockholders. All Directors, with the exception of Mr. Gephardt, attended the 2014 Annual Meeting of Stockholders.

***Board of Directors***

Our Board of Directors has responsibility for establishing broad corporate policies and reviewing our overall performance rather than day-to-day operations. The Board's primary responsibility is to oversee the management of the Company and, in doing so, serve the best interests of the Company and its stockholders. The Board selects, evaluates and provides for the succession of executive officers and, subject to stockholder election, Directors. It reviews and approves corporate objectives and strategies, and evaluates significant policies and proposed major commitments of corporate resources. Management keeps the Directors informed of its activities through regular written reports and presentations at Board and committee meetings.

The Board currently combines the role of Chairman of the Board with the role of Chief Executive Officer, coupled with a Presiding Director position to further strengthen the governance structure. The Board believes this provides an efficient and effective leadership model for the Company. Combining the Chairman and CEO roles fosters clear accountability, effective decision-making, and alignment on corporate strategy. The Board periodically reviews its leadership structure. To assure effective independent oversight, the Board has adopted a number of governance practices, including:

- i a strong, independent, clearly-defined Presiding Director role;
- j executive sessions of the independent Directors in connection with every Board meeting; and

annual performance evaluations of the Chairman and CEO by the independent Directors. Our Board of Directors has appointed Robert K. Ditmore, Presiding Director, to preside at all executive sessions of non-management Directors, as defined under the rules of the NYSE. The Presiding Director's role includes leading the Board's processes for selecting and evaluating the Chief Executive Officer and presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent Directors.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**

**PROPOSAL ONE: ELECTION OF DIRECTORS**

Our corporate governance guidelines require the Board to conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Governance Committee receives comments from all directors and reports annually to the Board with an assessment of the Board's performance. This is discussed with the full Board following the end of each fiscal year. The assessment focuses on the Board's contribution to the Company and specifically focuses on areas in which the Board or management believes that the Board could improve.

***Audit Committee***

The Audit Committee's responsibilities include:

- i appointing, retaining, evaluating, terminating, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- i overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of certain reports from the independent registered public accounting firm;
- i reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- i monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- i overseeing our internal audit function;
- i discussing our risk management policies;
- i establishing policies regarding hiring employees from our independent registered public accounting firm and procedures for the receipt and retention of accounting-related complaints and concerns;
- i meeting independently with our internal auditing staff, independent registered public accounting firm and management; and

- i preparing the Audit Committee report required by SEC rules.

The Board has determined that John R. Roberts, Frederick H. Eppinger and Pamela A. Joseph are audit committee financial experts as defined in Item 407(d)(5) of Regulation S-K and that each member of the Audit Committee is financially literate under the applicable NYSE rules.

### *Compensation Committee*

The Compensation Committee oversees our activities in the area of compensation and benefits (generally with regard to all employees and specifically with regard to our Named Executive Officers, or NEOs, identified in the Summary Compensation Table, as well as other officers) and reviews and makes recommendations concerning compensation-related matters to be submitted to the Board and/or stockholders for approval. The Board has determined that each of the members of the Compensation Committee is independent, as defined under the rules of the NYSE. The Compensation Committee's responsibilities include:

- i evaluating compensation policies and practices to determine if they may be influencing employees to take excessive risks;

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**

**PROPOSAL ONE: ELECTION OF DIRECTORS**

- i annually reviewing and approving corporate goals and objectives relevant to our Chief Executive Officer's compensation;
- i reviewing and making recommendations to the Board with respect to our Chief Executive Officer's compensation;
- i reviewing and approving, or making recommendations to the Board with respect to, the compensation of our other executive officers;
- i overseeing an evaluation of our senior executives;
- i overseeing and administering our equity incentive plans; and
- i reviewing and making recommendations to the Board with respect to Director compensation.

Members of management assist the Compensation Committee in its responsibilities by providing recommendations for the Compensation Committee's approval concerning the design of our compensation program for our executive officers other than our Chief Executive Officer, including our NEOs, as well as recommended award levels. The design of our compensation program for our Chief Executive Officer is recommended by the Compensation Committee and approved by the Board without any approval of the Chairman, who is the Company's Chief Executive Officer.

The Compensation Committee considered information and data regarding executive compensation supplied by management and by Towers Watson, a compensation and benefits consultant retained by management. In addition, Exequity, LLC, an independent compensation consulting group, has been engaged directly by the Compensation Committee to provide advice with respect to base salaries, bonus targets and long term incentives for our NEOs.

In 2014, the Company utilized Towers Watson to provide advice with respect to the base salaries, bonus targets and long term incentives of our officers, including our NEOs. The consultants analyzed the compensation levels of the NEOs of the industry peer group developed by Towers Watson for the most recently completed fiscal year. As discussed under the CD&A, the Compensation Committee considered this information, along with a variety of other factors, in reviewing our executive compensation in 2014.

The Compensation Committee has reviewed the independence of each of Towers Watson and Exequity in light of SEC rules and NYSE listing standards, including the following factors: (1) other services provided to us by the consulting firm; (2) fees paid by us as a percentage of consulting firm's total revenue; (3) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest; (4) any business or personal relationships between the compensation consultant and a member of the Compensation Committee; (5) any company stock owned by the compensation consultant; and (6) any business or personal relationships between our executive officers and the senior advisor. The Compensation Committee discussed these considerations and concluded that the compensation consultants' work for the committee does not raise any conflict of interest.

The Compensation Committee delegates to management the authority to grant certain stock options and restricted stock units under the 2012 Stock Incentive Plan. Our Chief Executive Officer is authorized to issue awards (other than to himself) of up to 60,000 shares to any newly hired executive and up to 24,000 shares to any one person during a calendar year, and is required to report any such grants to the Compensation Committee at the following Compensation Committee meeting. The delegation of authority may be terminated by the Compensation Committee at any time and for any reason. All internal promotions and equity grants to a corporate officer and all offers to any Executive Officer (as defined by Rule 3b-7 under the Exchange Act) require Compensation Committee approval.



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**2015 NOTICE OF MEETING AND PROXY STATEMENT**  
**PROPOSAL ONE: ELECTION OF DIRECTORS**

*Nominating and Governance Committee*

The Nominating and Governance Committee's responsibilities include:

- identifying individuals qualified to become members of the Board;
- recommending to the Board the persons to be nominated for election as Directors and to each of the Board's committees;
- reviewing and making recommendations to the Board with respect to management succession planning;
- reviewing and recommending to the Board corporate governance principles; and
- overseeing an annual evaluation of the Board's performance.

**Director Candidates**

The process followed by the Nominating and Governance Committee to identify and evaluate Director candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Nominating and Governance Committee and the Board. Upon nomination and election of a new Director by the Board during any year, that Director will be nominated for election at the next annual meeting.

In considering whether to recommend any particular candidate for inclusion in the Board's slate of recommended Director nominees, the Nominating and Governance Committee will apply the criteria set forth in our Corporate Governance Guidelines. These criteria include the candidate's integrity, business acumen, knowledge of our business

and industry, age, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. The Nominating and Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of our Directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

Board membership should reflect diversity in its broadest sense, including persons diverse in background, geography, perspective, gender, and ethnicity. The Board is particularly interested in maintaining a mix that includes the following backgrounds:

- j Public company governance
  
- j Healthcare
  
- j Service and insurance industry
  
- j Companies with revenues greater than \$1 billion
  
- j Public accounting
  
- j Investment banking
  
- j Financial services
  
- j Technology

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**

**PROPOSAL ONE: ELECTION OF DIRECTORS**

- i Organizational development
  
- j Political and regulatory relationships
  
- k Experience as a Chief Executive Officer

Stockholders may recommend individuals to the Nominating and Governance Committee for consideration as potential Director candidates by submitting their names, together with appropriate biographical information and background materials to Nominating and Governance Committee, c/o Corporate Secretary, Centene Corporation, 7700 Forsyth Boulevard, St. Louis, Missouri 63105. Assuming that appropriate biographical and background material has been provided on a timely basis in accordance with the procedures set forth in our By-Laws, the Nominating and Governance Committee will evaluate stockholder-recommended candidates by following substantially the same process and applying substantially the same criteria as it follows for candidates submitted by others.

Stockholders also have the right under our By-Laws to directly nominate Director candidates, without any action or recommendation on the part of the Nominating and Governance Committee or the Board, by following the procedures set forth under **Submission of Future Stockholder Proposals** of this proxy statement.

**Communicating with Independent Directors**

The Board will give appropriate attention to written communications that are submitted by stockholders and other interested parties and will respond as appropriate. The Chairman of the Nominating and Governance Committee, with the assistance of our Chief Executive Officer, is primarily responsible for monitoring communications from stockholders and other interested parties and for providing copies or summaries to the other Directors as he or she considers appropriate. Under procedures approved by a majority of the independent Directors, communications are forwarded to all Directors if they relate to important substantive matters and include suggestions or comments considered to be important for the Directors to know.

Stockholders and interested parties who wish to send communications on any topic to the Board should address such communications to Board of Directors c/o Corporate Secretary, Centene Corporation, 7700 Forsyth Boulevard, St. Louis, Missouri 63105. Any stockholder or interested party who wishes to communicate directly with our Presiding Director, or with our non-employee Directors as a group, should also follow the foregoing method.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**  
**PROPOSAL ONE: ELECTION OF DIRECTORS**
**Director Compensation**

The following table summarizes the compensation of our non-employee Directors for the fiscal year ended December 31, 2014:

<b>Name</b>	<b>Fees Earned or Paid in Cash</b> ( <b>\$</b> )	<b>Stock Awards</b> ( <b>\$</b> ) <sup>1</sup>	<b>Option Awards</b> ( <b>\$</b> ) <sup>1</sup>	<b>All Other Compensation</b> ( <b>\$</b> ) <sup>2</sup>	<b>Total</b> ( <b>\$</b> )
Orlando Ayala	\$ 115,000	\$ 171,870	\$	\$ 4,095	\$ 290,965
Robert K. Ditmore		336,037		10,095	346,132
Frederick H. Eppinger		296,870		29,095	325,965
Richard A. Gephardt	115,000	171,870		29,095	315,965
Pamela A. Joseph		296,870		4,095	300,965
John R. Roberts	30,000	296,870		29,095	355,965
David L. Steward		311,870		29,095	340,965
Tommy G. Thompson		311,870		29,095	340,965

1 The amounts reported as Stock Awards and Option Awards reflect the grant date fair value of grants made during the current year under the 2012 Stock Incentive Plan and Non-Employee Directors Deferred Stock Compensation Plan. Assumptions used in the calculation of this amount for the fiscal year ended December 31, 2014 are included in footnote 14 to the Company's audited financial statements for the fiscal year ended December 31, 2014 included in the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2015. There can be no assurance that the grant date fair value of Stock Awards or Option Awards will ever be realized.

2 All other compensation for Mr. Eppinger, Mr. Gephardt, Mr. Roberts, Mr. Steward and Mr. Thompson reflects charitable contributions of \$25,000 and for Mr. Ditmore charitable contributions of \$6,000 made or pledged during 2014 under the Company's Board of Directors Charitable Matching Gift Program. All Other Compensation also includes group excess liability insurance policy premiums paid by the Company for all Directors.

Non-employee Directors currently receive a quarterly retainer fee of \$31,250, provided that the Director elects 100% payment pursuant to the Company's Non-Employee Directors Deferred Stock Compensation Plan to be paid in company stock upon retirement or termination from the Board. Directors not making this election receive a quarterly retainer fee of \$25,000. In addition, the Chairman of the Audit Committee receives a quarterly retainer fee of \$7,500, the Chairman of the Compensation Committee received a quarterly fee of \$5,000, and the Chairman of the Nominating and Governance Committee, Government and Regulatory Affairs Committee, and Technology

Committee each receives a quarterly fee of \$3,750. The Company also pays a quarterly retainer fee of \$6,250 to the Presiding Director of the Board. All cash fees are eligible for deferral under the Non-Employee Directors Deferred Stock Compensation Plan. Expense recognized in conjunction with the deferred stock election is included in the Stock Awards column in the Director Compensation Table above.

Each new non-employee Director, as of the date on which such Director is first elected to the Board, is granted an option under our 2012 Stock Incentive Plan to purchase 20,000 shares of our common stock vesting in three equal annual installments commencing on the first anniversary of the grant date. In April 2014, each member of the Board received a grant of 6,000 restricted shares of our common stock. The restricted shares vest on the April 2015 annual meeting of stockholders, subject to meeting Board of Director meeting attendance conditions.

The Board of Directors has approved the Board of Directors Charitable Matching Gift Program. Under the program, the Company will match a Board member's qualifying charitable donations of up to \$25,000 per calendar year. Charitable donations must be made to a qualified tax exempt U.S. organization under the Internal Revenue Code Section 501(c)(3) and within the Company's charitable contribution guidelines. The Company also provides a group excess liability insurance policy at no cost to the Directors.

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The following table shows the number of shares covered by exercisable and unexercisable options and unvested Restricted Stock Units (RSUs) held by our non-employee Directors on December 31, 2014:

<b>Name</b>	<b>Option Awards</b>		<b>Stock Awards</b>
	<b>Number of Securities Underlying Unexercised Options (Exercisable)</b>	<b>Number of Securities Underlying Unexercised Options (Unexercisable)</b>	<b>Number of Shares or Units of Stock That Have Not Vested</b>
Orlando Ayala	20,000		6,000
Robert K. Ditmore			6,000
Frederick H. Eppinger	20,000		6,000
Richard A. Gephardt			6,000
Pamela A. Joseph	20,000		6,000
John R. Roberts	10,000		6,000
David L. Steward			6,000
Tommy G. Thompson	16,000		6,000

Directors are reimbursed for all reasonable expenses incurred in connection with their service. Directors who are also our employees receive no additional compensation for serving on our Board of Directors.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**  
**PROPOSAL TWO: ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION**

Proposal Two: Advisory Resolution to Approve Executive Compensation

At our 2014 annual meeting of stockholders, our stockholders approved the Company's executive compensation. Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are again holding an advisory vote on the Company's executive compensation, as described in this proxy statement (commonly referred to as "say-on-pay"). In accordance with the results of the vote we conducted at the 2011 Annual Meeting on the frequency of say-on-pay votes, we plan to present a say-on-pay vote every year.

We encourage stockholders to review the Compensation Discussion and Analysis included in this proxy statement. Our executive compensation program has been designed to implement the Company's compensation philosophy of paying for performance by making decisions based on promoting the Company's corporate mission statement and creating long term stockholder value. This philosophy is evidenced by the following:

- i We provide a significant part of executive compensation in the form of at-risk annual incentive and long term incentive compensation; for example, we have withheld or reduced payments under our incentive programs when financial measures have not been fully achieved.
- i Our annual incentive and long term incentive opportunities are substantially based on corporate financial measures closely correlated with achieving long term stockholder value, such as earnings per share, revenue growth targets, pre-tax operating margins and total shareholder return. Annual and long term incentive opportunities also reflect the impact to the current year income for new contracts awarded that drive future revenue growth and take into account the costs associated with the contract procurements which occur prior to revenue generation.
- i We provide a mix of short term and long term and cash and non-cash compensation that we believe allows us to strike a balance between offering competitive executive compensation packages, motivating our executives without fostering excessive risk-taking and linking Executive Officer compensation with the creation of long term stockholder value.

The Board of Directors strongly endorses the Company's executive compensation program and recommends that stockholders vote in favor of the following resolution:

RESOLVED, that the stockholders approve the compensation of those NEOs listed in the Summary Compensation Table of this proxy statement, who we refer to in this proxy statement as the NEOs, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (SEC), including the Compensation Discussion and Analysis and the tabular and narrative disclosure included herein under "Information about Executive

Compensation .

Because the vote is advisory, it will not be binding upon the Board of Directors or the Compensation Committee and neither the Board of Directors nor the Compensation Committee will be required to take any action as a result of the outcome of the vote on this proposal. The Compensation Committee strongly considers the views of the Company's shareholders when making compensation decisions. Additionally, the Compensation Committee monitors the results of the annual advisory say-on-pay proposal and incorporates such results as one of many factors considered in connection with the discharge of its responsibilities. Please see the Compensation Discussion and Analysis section of this Proxy Statement for a more detailed discussion of the actions the Committee took during 2014 based on shareholder feedback.

**The Board recommends a vote FOR the approval of the compensation of the NEOs, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC.**



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## 2015 NOTICE OF MEETING AND PROXY STATEMENT

**PROPOSAL THREE: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

## Proposal Three: Ratification of Appointment of Independent Registered Public Accounting Firm

KPMG LLP audited our financial statements for the fiscal year ended December 31, 2014. The Audit Committee has appointed KPMG LLP to serve as our independent registered public accounting firm for the current fiscal year, and we are asking stockholders to ratify this appointment. Stockholder ratification of this selection is not required by our By-Laws or other applicable legal requirements. Our Board of Directors is, however, submitting the selection of KPMG LLP to stockholders for ratification as a matter of good corporate practice. In the event that stockholders fail to ratify the selection, the Audit Committee will consider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee believes that a change would be in our and our stockholders' best interest.

We expect that representatives of KPMG LLP will be present at our Annual Meeting of Stockholders to answer appropriate questions. They will have the opportunity to make a statement if they desire to do so.

The affirmative vote of the holders of a majority of the votes cast at the meeting is being sought to ratify the selection of KPMG LLP as our independent registered public accounting firm for the current fiscal year. **The Board recommends that stockholders vote FOR the ratification of the selection of KPMG LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2015.**

The following table discloses the aggregate fees billed in 2014 and 2013 by KPMG LLP, our independent registered public accounting firm (\$ in thousands):

	KPMG	
	2014	2013
Audit Fees	\$3,530	\$2,653
Audit-Related Fees	205	190
Tax Fees		
All Other Fees	600	85

Audit-related fees in 2014 and 2013 consist primarily of fees for operational control reviews. All Other fees in 2014 and 2013 consist primarily of fees for compliance assessment services.

The Audit Committee has adopted policies and procedures relating to the approval of all audit, audit-related, tax and other services that are to be performed by our independent registered public accounting firm. This policy generally provides that the Company will not engage its independent registered public accounting firm to render audit, audit-related, tax or other services unless the service is specifically approved in advance by the Audit Committee or

the engagement is entered into pursuant to one of the pre-approval procedures described below.

From time to time, the Audit Committee may pre-approve specified types of services that are expected to be provided to the Company by its independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**

**PROPOSAL THREE: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has also delegated to the Chairman of the Audit Committee the authority to approve audit audit-related, tax or other services to be provided to the Company by its independent registered public accounting firm. Any approval of services by the Chairman of the Audit Committee pursuant to this delegated authority is reported on at the next meeting of the Audit Committee. All audit, audit-related and other fees for 2014 and 2013 were pre-approved by the Audit Committee or the Audit Committee Chairman, and no fees were paid under the de minimis exception to the audit committee pre-approval requirements.

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**

**PROPOSAL FOUR: RATIFICATION OF AN AMENDMENT TO COMPANY S BY-LAWS TO INCLUDE A FORUM SELECTION CLAUSE**

Proposal Four: Ratification of an Amendment to Company s By-Laws to Include a Forum Selection Clause

On February 2, 2015 the Board of Directors adopted an amendment to the Company s By-Laws to specify that the sole and exclusive forum for certain actions involving the Company shall be the Court of Chancery of the State of Delaware (or certain other courts if such court lacks jurisdiction), unless the Company consents in writing to the selection of an alternative forum. Under the exclusive forum provision, stockholders are deemed to have given consent to personal jurisdiction for such actions in such forum. Stockholder approval is not required for the By-Law amendment, but the Board has determined to seek a vote of the stockholders to ratify it on an advisory basis.

The full text of the By-Law amendment is attached to this proxy statement as Appendix A. You should read Appendix A in its entirety before making a decision as to how to vote your shares.

***Reasons for Forum Selection By-Law***

The Board believes that the forum selection By-Law is in the best interests of stockholders because it assists Centene with providing a streamlined, efficient and organized process for resolution of certain intra-corporate disputes. The By-Law helps to avoid multiple lawsuits, including derivative suits brought on behalf of the Company, in multiple jurisdictions on matters relating to the corporate law of Delaware which governs most of such disputes.

The Delaware Court of Chancery has deep experience, special expertise, and streamlined procedures when resolving disputes concerning Delaware corporate law. This provides Centene and its stockholders with more predictability regarding the outcome of intra-corporate disputes and can limit the time, cost, and uncertainty of litigation for all parties. The selection of the Delaware Court of Chancery as the exclusive forum for certain disputes would reduce the risks that Centene could be forced to waste resources defending against duplicative suits and that the outcome of cases in multiple jurisdictions could be inconsistent, even though each forum purports to follow Delaware law.

The forum selection By-Law only regulates the forum where stockholders may file claims relating to the specified intra-corporate disputes. The By-Law does not restrict the ability of stockholders to bring such claims, nor the remedies available if such claims are ultimately successful. Also, the By-Law permits Centene to consent to the selection of an alternative forum if such other forum is in the best interests of Centene s stockholders.

The Board is aware that certain proxy advisors, and even some institutional investors, follow guidelines that do not support an exclusive forum clause such as the By-Law amendment unless the Company can show it already has suffered material harm as a result of multiple shareholder suits filed in different jurisdictions regarding the same

matter. The Board believes this position fails to adequately take into account the prevalence of such litigation generally and the recent increase in stockholder litigation over proxy statement disclosures that threatens to delay or prevent a stockholder meeting at significant cost to the Company. These cases have often been filed in a state other than the defendant corporation's home state, or in multiple states by multiple lawyers, forcing one or more courts generally less familiar with the relevant laws to interpret and apply those laws, often under a very tight time frame.

The affirmative vote of the holders of a majority of the votes cast at the meeting is being sought to ratify, on an advisory basis, the amendment to Centene's By-Laws to include a forum selection clause. Although the vote is advisory and will not be binding upon the Board, the Board intends to repeal the By-Law amendment if stockholder approval is not obtained.

**The Board recommends that stockholders vote FOR the ratification, on an advisory basis, of an amendment to the Company's By-Laws to include a forum selection clause.**

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**2015 NOTICE OF MEETING AND PROXY STATEMENT  
AUDIT COMMITTEE REPORT**

**Audit Committee Report**

The Audit Committee operates under a written charter adopted by the Company's Board of Directors. The charter, which was last amended in February of 2009, outlines the Audit Committee's duties and responsibilities. The Audit Committee reviews the charter annually and works with the Board of Directors to amend the charter based on the Audit Committee's evolving responsibilities. The Audit Committee charter is available on the Company's website at [www.centene.com/investors/corporate-governance](http://www.centene.com/investors/corporate-governance).

The Audit Committee of the Company's Board of Directors consists of three non-employee directors who are independent under the rules of the NYSE, the rules of the SEC and the Company's Standards for Director Independence. All of the Audit Committee members are considered Audit Committee Financial Experts as defined by the SEC. The Audit Committee assists the Board of Directors in its oversight of the accounting and financial reporting process of the Company. Specifically, the Audit Committee has responsibility for providing independent objective oversight of the accounting and financial reporting process of the Company, selecting and evaluating the independent registered public accounting firm, which reports directly to the Audit Committee and oversees the performance of the Company's internal audit function.

Management has the primary responsibility for the preparation of the Company's financial statements and the overall reporting process, for maintaining adequate internal control over financial reporting and, with the assistance of the Company's internal auditors, for assessing the effectiveness of the Company's internal control over financial reporting. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the PCAOB), expressing an opinion as to the conformity of the financial statements with generally accepted accounting principles in the United States of America, and auditing management's assessment of the effectiveness of internal control over financial reporting. KPMG LLP has served as the Company's independent registered public accounting firm since 2005.

Management represented to the Audit Committee that the financial statements were prepared in accordance with generally accepted accounting principles and that there were no material weaknesses in its internal control over financial reporting. The Audit Committee met and held discussions with management and KPMG LLP to review and discuss the financial statements and the Company's internal control over financial reporting. The Audit Committee has also discussed with KPMG LLP the firm's judgments as to the quality and the acceptability of the Company's financial reporting and such other matters as are required to be discussed by PCAOB Auditing Standard No. 16, Communication with Audit Committees. KPMG LLP also provided the Audit Committee with the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee has discussed with KPMG LLP their independence with respect to the Company, including a review of audit and non-audit fees and services and concluded that KPMG LLP is independent.

In fulfilling its oversight responsibilities for reviewing the services performed by KPMG LLP, the Audit committee has the sole authority to select, evaluate and replace the outside auditors. The Audit Committee discusses the overall scope of the annual audit, the proposed audit fee, and annually evaluates the qualifications, performance and independence of KPMG LLP as independent registered public accountants and the performance of its lead audit partner. The Audit Committee meets

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**2015 NOTICE OF MEETING AND PROXY STATEMENT**

**AUDIT COMMITTEE REPORT**

regularly with the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their respective examinations, the evaluation of the Company's internal control over financial reporting and the overall quality of the Company's accounting.

Based upon the review and discussions with the Company's management and KPMG LLP referred to above, and its review of the representations and information provided by management and KPMG LLP, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for filing with the Securities and Exchange Commission. The Committee also reappointed KPMG LLP to serve as the Company's independent registered public accounting firm for 2015.

**AUDIT COMMITTEE**

John R. Roberts, Chair

Frederick H. Eppinger

Pamela A. Joseph

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**2015 NOTICE OF MEETING AND PROXY STATEMENT  
INFORMATION ABOUT EXECUTIVE COMPENSATION**

Information About Executive Compensation

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the Company's management. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and our annual report on Form 10-K.

COMPENSATION COMMITTEE

Robert K. Ditmore, Chair

Orlando Ayala

Pamela A. Joseph

David L. Steward

Tommy G. Thompson

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**2015 NOTICE OF MEETING AND PROXY STATEMENT  
COMPENSATION DISCUSSION AND ANALYSIS**

Compensation Discussion and Analysis (CD&A)

This CD&A describes the principles, objectives, and compensation policies and arrangements of our executive compensation program which is generally applicable to each of our senior officers. This CD&A focuses primarily on our Chairman & CEO and the other executive officers included in the Summary Compensation Table, whom we collectively refer to in this proxy as our NEOs. For 2014, our NEOs were:

- i Michael F. Neidorff, Chairman, President and Chief Executive Officer
  
- i William N. Scheffel, Executive Vice President, Chief Financial Officer and Treasurer
  
- i Carol E. Goldman, Executive Vice President, Chief Administrative Officer
  
- i Jesse N. Hunter, Executive Vice President, Chief Business Development Officer
  
- i Donald G. Imholz, Executive Vice President, Operations and Chief Information Officer

The contents of this CD&A are organized as follows:

**SECTION 1**

**2014 Executive Summary**

**SECTION 2**

Alignment of Pay and Performance

**2014 Compensation Decisions**

2014 Review

2014 Base Salaries

2014 Annual Cash Incentives

2014 Long Term Incentive Awards and Performance Evaluation

2012-2014 Cash LTIP Award Targets and Performance Evaluation

**SECTION 3**

**Compensation Philosophy**

2014-2016 Cash LTIP Award Targets and Performance Evaluation  
Pay Mix  
Results of the April 2014 Say-on-Pay Vote & Changes to the  
Compensation Program in 2014

2015 Changes  
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COMPENSATION DISCUSSION AND ANALYSIS****SECTION 1 2014 Executive Summary**

We compete for business and talent with publicly held managed care organizations (including Aetna, Inc., Anthem, Inc., CIGNA Corp., Health Net, Inc., Humana, Inc., Molina Healthcare, Inc., UnitedHealth Group Inc. and WellCare Health Plans, Inc.) and with regional and local for-profit and not-for-profit organizations. Our strong execution and management of government sponsored programs has resulted in our achieving industry leading growth rates and total returns for our shareholders.

In 2014, our performance included:

- Premium and service revenues of \$15.7 billion, an increase of 49% over 2013.
- Diluted earnings per share (EPS) of \$2.23, an increase of 56% over 2013.
- Total operating cash flows of \$1.2 billion.
- Return on Equity of 18%.
- Stock price increase of 76%.

The Company's stock price compound annual growth rate (CAGR) compared to the S&P Supercomposite Managed Healthcare Index (S&P SMHI) as follows:

	% Increase		Centene % of S&P SMHI Increase
	Centene	S&P SMHI	
1 Year	76%	33%	230%
3 Year	38%	26%	146%
5 Year	37%	24%	154%

Our three year Compound Annual Growth Rates (CAGR) have been:

- i Premium and service revenues of 46%;

- i Diluted EPS of 25%; and

- i Stock Performance of 38%;

all of which are industry leading performances.

In addition, during 2014 our market capitalization grew to over \$6.1 billion, resulting in the addition of Centene to the Russel 1000 Index and the S&P MidCap 400 Index.

Note: In February 2015, the Board of Directors declared a two-for-one split of Centene's common stock in the form of a 100% stock dividend distributed on February 19, 2015 to stockholders of record on February 12, 2015. All share, per share and stock price information presented in this proxy statement, including EPS performance targets, has been adjusted for the two-for-one stock split.

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**SECTION 2 2014 Compensation Decisions**

*Alignment of Pay and Performance*

In 2014, the Company continued to balance aggressive revenue growth organically and through acquisitions while continuing to improve pre-tax margins, which is a key part of our strategy to promote long term shareholder value in a competitive business environment. As the Compensation Committee reviewed our NEO's compensation, the Committee considered these aspects in conjunction with our executive compensation program of recognizing pay for performance through the following three primary components:

In recognition of the Company's extraordinary 2014 performance, the high growth rate over the past 3 years and the Board of Directors' acknowledgment of the importance of our CEO's leadership, the Compensation Committee analyzed his total compensation for the past 10 years and awarded total compensation in 2014 that continues to mirror the tremendous growth in our TSR over the last five years. Our CEO's total compensation alignment with the Company's Total Shareholder Return is represented in the following graph:

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COMPENSATION DISCUSSION AND ANALYSIS***2014 Review*

It is important to recognize that the Compensation Committee reviewed the pay components in the table below. The table demonstrates that the CEO's compensation is linked to the Company's 2014 performance (performance based RSUs awarded in 2013 are earned based on 2014 performance), which is different from the disclosure in the Summary Compensation Table. The review of the following data indicated that Mr. Neidorff's total target 2014 compensation was within the range of the Company's pay philosophy of paying within the 50<sup>th</sup> percentile and 75<sup>th</sup> percentile (as performance warrants) of the Healthcare Industry (HCI) peer group, with data size adjusted, and the general industry (GI), with data regressed, at \$15 billion and \$30 billion in revenue (\$ in millions):

Pay Component	Centene Target	Healthcare Insurance Industry Peer Group <sup>1</sup>							
		General Industry Peer Group <sup>2</sup>				Healthcare Insurance Industry Peer Group <sup>1</sup>			
		\$15 Billion		\$30 Billion		\$15 Billion		\$30 Billion	
		50th %	75th %	50th %	75th %	50th %	75th %	50th %	75th %
Annualized Base Pay	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.5	\$ 1.3	\$ 1.5	\$ 1.5	\$ 1.7
Annual Incentive Target	1.8	1.7	2.0	2.0	2.3	2.2	2.5	2.8	3.0
Long Term Incentive Awards	10.3	7.9	9.2	9.2	10.6	9.9	13.4	13.5	18.2
Total Target Compensation	\$ 13.3	\$ 10.8	\$ 12.5	\$ 12.5	\$ 14.4	\$ 13.4	\$ 17.4	\$ 17.8	\$ 22.9

<sup>1</sup> Healthcare Insurance Industry Peer Group (16 companies) discussed in Section 3 the CD&A under the heading Healthcare Industry Managed Care Peer Group.

<sup>2</sup>General Industry Peer Group (31 companies) discussed in Section 3 of the CD&A under the heading General Industry High-Performing Peer Group.

The following table summarizes the Company's target compensation compared to each peer group.

50th Percentile		75th Percentile	
Total Target	Revenue Analysis	Total Target	Revenue Analysis
(\$ in millions)		(\$ in millions)	
\$10.8	HCI at \$15 billion	\$12.5	HCI at \$15 billion

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\$12.5	HCI at \$30 billion	<b>\$13.3</b>	<b>Centene</b>
<b>\$13.3</b>	<b>Centene</b>	\$14.4	HCI at \$30 billion
\$13.4	GI at \$15 billion	\$17.4	GI at \$15 billion
\$17.8	GI at \$30 billion	\$22.9	GI at \$30 billion

A similar analysis of peer data sets is performed of the other NEOs' compensation. The Compensation Committee reviews the performance of each individual and grants increases in base salary and RSUs based on these results.



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*2014 Base Salaries*

In December 2013, the Compensation Committee evaluated 2014 base salaries and took into account the Company's 2014 estimated revenue in excess of \$13 billion. In 2014, Towers Watson compared our NEOs' base salaries to market data, and on average, our base salaries for 2014 were between the 50th and 75th percentile of the healthcare insurance industry peer group and of the general industry peer group. Adjustments to base salaries are determined based on merit and market data.

The NEOs were paid competitive base salaries determined by the evaluation of multiple factors: results for the prior year, individual performance, as well as the market value for each specific job. Since Centene is a pay for performance Company, only 7% of the Chief Executive Officer's and, on average, 15% of the other NEOs' compensation is fixed.

*2014 Annual Cash Incentives*

The Compensation Committee rewards NEOs with an Annual Cash Incentive bonus for achieving the Company's EPS objective. The Committee assesses how each NEO contributed to achieving this EPS objective and other pre-determined objectives approved by the Compensation Committee earlier in the year. The Compensation Committee follows a two step process to determine the bonus earned each year:

1. **Achievement of EPS Objective.** In December 2013, the Compensation Committee determined that if the company reached its 2014 EPS target of \$1.83, then a bonus would be paid at target based on each NEO's contribution to that target. In addition, the Compensation Committee also determined that if the Company exceeded its EPS target by more than 120%, the Company may pay at 150% of target with the possibility to exceed this target if individual goals were met. Since the Company's 2014 diluted EPS from continuing operations were \$2.23 (122% of target), the Compensation Committee determined to pay the NEOs at the 150% of target.
2. **Evaluation of Individual Performance.** In addition, each NEO's individual performance was assessed by management and the Compensation Committee against the pre-determined objectives mentioned above. If these pre-determined objectives were met, exceeded or not met, then the annual bonus could equal, exceed or be less than 150% of target. Included in each NEO's

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determination is the achievement of an individual goal related to risk management. A summary of each NEO's performance along with their 2014 Annual Cash Incentives is as follows:

Name	Individual Performance	2014		
		Annual Cash Incentive (\$)	Target (% of Salary)	% of Target Paid
Michael F. Neidorff	Exceeded 2014 Premium & Service Revenues and Diluted EPS guidance provided in December 2013.			
	Expanded domestic footprint to 23 states.			
	Executed on international strategy including investments in Spain and the United Kingdom.			
	Drove a 76% increase in the stock price during 2014, expanding market capitalization to over \$6.1 billion.	\$ 3,600,000	150%	200%
William N. Scheffel	Exceeded consolidated financial performance targets including revenue growth, earnings, operating cash flow and G&A expense leverage.			
	Issued \$300 million of Sr. Notes and corresponding interest rate swap.			
	Successfully obtained contract amendments to provide for the reimbursement of the Health Insurer Fee including the related gross-up for the associated income tax effects.	\$ 1,000,000	75%	185%
Carol E. Goldman	Centralized the recruiting function for all business units; filled 4,600 new positions in 2014.	\$ 750,000	75%	182%

Successfully implemented full scale, corporate-wide Human Capital Management system.

Jesse N. Hunter	Exceeded financial specialty company performance targets including revenue and earnings.			
	Executed multiple new joint venture investments.			
	Won 100% of all re-procurements and 75% of new market procurements in 2014.	\$ 825,000	75%	183%
Donald G. Imholz	IT Operations capacity doubled in 2014 to support growth; availability and response times improved.			

Improved 2014 claims productivity.

Improved 2014 provider data management productivity by reducing the cost per provider by 19%. \$ 625,000 75% 159%

Based on the Company meeting its diluted EPS goal, increasing pre-tax income and increasing Premium and Service Revenues from continuing operations to \$15.7 billion, the Compensation Committee reviewed the Chief Executive Officer's performance during 2014 and recommended to the Board of Directors that an annual bonus of \$3.6 million be awarded to Mr. Neidorff. The bonus, which was 200% of his target, is representative of the Company's outstanding year. In addition, other NEOs received an annual bonus that exceeded their targets by 59% to 85% based on an evaluation of 2014 performance.

The Company has always met with its largest shareholders and held bi-annual investor meetings in June and December of each year. Additionally, management routinely interacts with shareholders on a number of matters, including executive compensation. We have carefully considered shareholder feedback, and accordingly, the Company has agreed that all NEOs' annual incentive bonuses will be capped at a maximum of 200% of target.

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***2014 Long Term Incentive Awards and Performance Evaluation***

Equity vehicles granted to our NEOs in December 2014 were as follows:

- i Performance based RSUs (PSUs) based on the Company reaching the 2015 diluted EPS target outlined below. If the performance condition is achieved, then 33.3% of earned PSUs will vest in February 2016 with the remaining 66.7% vesting evenly over the second and third anniversaries of the grant date thereafter.

<b>Calculation of Performance Condition Achievement</b>		
<b>Diluted EPS</b>	<b>% of Target Achieved</b>	<b>% PSUs Earned</b>
\$2.60	100%	100%
\$2.47	95%	95%
\$2.34	90%	90%
\$2.21	85%	85%
\$2.08	80%	80%
\$2.07	79% and below	

- i Service based RSUs 33.3% vest annually based on service to the Company.

- i Cash Long Term Incentive Plan (LTIP) based on meeting certain performance criteria for the 3 year performance period (2015-2017) as discussed on page 38.

In December 2013, the NEOs were awarded PSUs with a performance target of diluted EPS of \$1.83. In February 2015, the Compensation Committee reviewed the 2014 diluted EPS of \$2.23 achieved compared to the EPS target of \$1.83 and determined that the performance condition on the December 2013 awards was achieved. 33.3% of earned PSUs vested in February 2015 with the remaining 66.7% vesting evenly over the second and third anniversaries of the grant date

***2012-2014 Cash LTIP Award Targets and Performance Evaluation***

In December 2011, the Compensation Committee established a minimum 3.0% pre-tax margin and minimum 8% premium and service revenue compound annual growth rate (CAGR) threshold for payout under the 2012-2014 Cash

LTIP. While the Company achieved the minimum revenue growth target for the 2012-2014 cycle, the Company did not meet the pre-tax earnings threshold. Therefore, **no** payouts were made for the 2012-2014 Cash LTIP.

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COMPENSATION DISCUSSION AND ANALYSIS***2014-2016 Cash LTIP Award Targets and Performance Evaluation*

In December 2013, the Compensation Committee established a target 3.0% pre-tax margin, a target 20% premium and service revenue compound annual growth rate (CAGR) and 50th percentile relative TSR target for payout under the 2014-2016 Cash LTIP. Awards to the NEOs made in December 2013 for the 2014-2016 cycle were as follows:

<b>Name</b>	<b>Threshold (\$)</b>	<b>Target (\$)</b>	<b>Maximum (\$)</b>
Michael F. Neidorff	112,500	1,800,000	3,600,000
William N. Scheffel	43,125	690,000	1,380,000
Carol E. Goldman	31,250	500,000	1,000,000
Jesse N. Hunter	35,625	570,000	1,140,000
Donald G. Imholz	31,250	500,000	1,000,000

*Pay Mix*

Our pay for performance philosophy can be further depicted by the following graph, which represents our total compensation mix. The graph illustrates the 2014 values contained in the Summary Compensation Table as percentages of total compensation. The values in the All Other Compensation column of the Summary Compensation Table have been excluded from this illustration.

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COMPENSATION DISCUSSION AND ANALYSIS

**SECTION 3 Compensation Philosophy**

The following principles guide the Company's compensation philosophy:

- i **Pay for Performance** Our overall compensation philosophy is to pay for performance. An executive's compensation is directly linked to performance and the achievement of both Company and individual goals. Superior performance and the achievement of goals results in higher compensation.
- i **Create Long Term Stockholder Value** Both performance-based and service-based stock awards with meaningful retention requirements are used to encourage sustained shareholder value creation.
- i **Foster a Culture of Risk Management and Compliance** A portion of NEO compensation is based on meeting individual goals that align with our corporate mission statement and contribute to a culture that promotes compliance with rules, regulations and the Company's vision and values and rewards those who mitigate business risks.
- i **Attract and Retain Top Executive Talent** We offer competitive pay to attract, motivate and retain industry executives with the skills and experience to drive superior long term Company performance in a high growth company.

*Results of the April 2014 Say-on-Pay Vote & Changes to the Compensation Program in 2014*

The Compensation Committee monitors the results of the annual advisory say-on-pay proposal and considers such results as one of many factors in connection with the discharge of its responsibilities. At our April 2014 Annual Meeting, approximately 72% of our shareholders voted to approve our fiscal 2013 executive compensation program.

While this reflected continued support of our executive compensation programs, this level of support was a decline from the prior two years' advisory votes. While shareholders expressed a wide variety of views about executive compensation, we valued the insights we received as we reached out and gained a more thorough understanding of their comments. As a result of feedback from our shareholders, the Company made the following changes to its compensation program during 2014:

<b>What We Heard</b>	<b>What We Did</b>	<b>When Effective</b>
Pledging of company stock should be prohibited	Eliminated pledges for all Board Members & NEOs	Current
Annual Incentive Plan is difficult to understand / determine how incentives are awarded	Redesigned the Annual Incentive Plan to be formula based	Annual incentive awards for 2015
Annual Incentive Plan should contain payment limits	Maximum payout of 200% of target	Annual incentive awards for 2014
Performance based RSUs should use a different metric than the Annual Incentive Plan, and the period of performance should be longer than one year	Moved to a three year performance period containing two or more of the following performance metrics: revenue growth, pre-tax margin, and TSR	Awards granted in 2015
Employment contracts should not contain change in control excise tax gross-up	All NEOs contracts have been amended to eliminate tax gross up upon CIC	February 2015

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*2015 Changes*

Based on shareholder feedback, the Compensation Committee has made the following changes for 2015:

- i **Annual Cash Incentive Plan** 80% of each award will be aligned with diluted EPS targets, and the remaining 20% of each award will be aligned with individual performance objectives. The Annual Cash Incentive Award will be calculated as follows, with a maximum payout of 200% of target:
  
  
  
  
  
  
  
  
  
  
- i **Performance Based RSUs** Performance targets for awards granted during the December 2015 cycle will contain two or more of the following **three-year performance metrics**: revenue growth, pre-tax margin, and TSR. Awards will vest at the end of the three-year performance period.

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*Overview of the Compensation Program*

The Compensation Committee establishes and administers the executive compensation philosophy and program and assists the Board of Directors in the development and oversight of all aspects of executive compensation. Presented in the table below are highlights of our compensation practices:

**What We Do**

ü **Pay for Performance** A significant portion of our NEOs' compensation is tied to performance with clearly articulated financial goals.

ü **Competitive Compensation** Each component of the NEOs' annual total direct compensation is targeted to the 50th percentile for both the Health Care Industry peer group and the General Industry peer group.

ü **Equity Grants Reward Future Performance** Annual stock grants currently vest ratably over a three-year period. Beginning in 2015, grants will vest at the end of the three-year period based on two or more three-year performance metrics.

ü **Formula Based Annual Incentive Plan** Beginning in 2015, awards under the Annual Cash Incentive plan will be formula based.

ü **Tally Sheets** Tally sheets and wealth accumulation analyses for each NEO are reviewed annually before making compensation decisions.

ü **Annual Compensation Risk Assessment** We regularly analyze risks related to our compensation program and conduct a broad risk assessment annually.

ü **Stock Ownership Requirements** We maintain rigorous stock ownership requirements for our directors, executives and other members of senior management. Our CEO's requirement is 5x annual base pay; other NEOs' requirements are 2.5x annual base pay.

ü **Clawbacks** We can recover performance-based cash and equity incentive compensation paid to executives in various circumstances.

ü **Independent Compensation Consultant** The Compensation Committee retains Exequity to advise the Committee on executive compensation matters.

**What We Don't Do**

ü **Excessive Risk-Taking in Our Compensation Programs** The Long Term Incentive Plans use multiple performance measures, capped payouts and other features intended to minimize the incentive to take overly risky actions.

ü **No Hedging or Pledging** Directors and executives are prohibited from hedging, pledging or engaging in any derivatives trading with respect to company stock.

• **No Tax Gross-ups** There are no tax gross-ups for perquisites or excise tax gross-ups in the event of a change of control related termination.

• **No Single-Trigger Employment Agreements** Any cash payments in executive employment agreements are subject to a double-trigger change in control condition.

• **No Backdating or Repricing of Stock Options** Stock options never are backdated or issued with below-market exercise prices. Re-pricing of stock options without stockholder approval is expressly prohibited.

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Centene must leverage its compensation and benefit programs to attract the best talent to compete and achieve aggressive operating objectives. Therefore, Centene views both private equity firms and competitors with larger revenue bases as significant competition for talent. Centene also recognizes that our Company is a source for these firms and competitors to recruit talent if the appropriate compensation programs are not in place at Centene.

For the components of target total compensation, the Compensation Committee's competitive objectives are for:

- base salaries to approximate the 50th percentile of similarly-sized organizations, based on revenues. The 50th percentile will be targeted in most instances; however, up to the 75th percentile is considered when recruiting talent from significantly larger companies and private equity firms or when the experience of the executive dictates a higher base salary;
- annual bonus targets to approximate the 50th percentile of similarly-sized organizations; and
- long term incentive targets to approximate the 50th percentile of similarly-sized organizations.

The goal of these objectives is that based on individual performance, actual total compensation will fall at the 50th percentile of total market based compensation for both the healthcare insurance industry peer group and the general industry peer group for expected performance and between the 50th and 75th percentile based on extraordinary performance.

In order to achieve these objectives, the Compensation Committee establishes target, market-based total compensation levels (e.g., base salary, annual bonus target and long term incentives) from market data from two different peer groups:

***A. Healthcare Industry Managed Care Peer Group***

Using the Standard and Poor's Global Industry Classification System (GICS) codes, Towers Watson analyzed the managed care industry and determined there are three key segments in the industry:

- Managed Healthcare Companies
- Healthcare Facilities

i Healthcare Services

Based on further review by Towers Watson, the following companies were included in the Company's Healthcare Industry Managed Care Peer Group for use in determining compensation for NEOs for 2015. The median revenue of these 16 companies was \$11.4 billion.

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COMPENSATION DISCUSSION AND ANALYSIS*****B. General Industry High-Performing Peer Group***

Since there is a market for executive talent both within and outside our industry, we also look at comparable companies that replicate the high growth rates the Company has achieved. Therefore, the market data the Compensation Committee utilizes includes not only the healthcare insurance industry managed peer group of 16 companies, but also a general industry peer group of 31 companies also developed by Towers Watson. The median revenue of these 31 companies was \$9.4 billion with revenue ranging from \$5 billion to \$29 billion. The Compensation Committee believes that including this broader range of companies is likely to provide a more representative depiction of the overall competitive market for talent, as evidenced by several of our executives who came from companies outside of our industry. Towers Watson developed this group from its Executive Compensation Database and determined that each company in the group would meet at least three of the following criteria:

- i 5-year average return on invested capital > 10%
  
- i 5-year revenue growth > 10%
  
- i 5-year EPS growth > 10%
  
- i 5-year TSR > 10%

***Benchmarking Methodology***

The Compensation Committee engaged Towers Watson to gather, analyze and summarize the market data from the Towers Watson Executive Compensation Database for the CEO and the other four NEOs. In addition, the Compensation Committee reviewed additional data sources from Exequity in determining the compensation for the CEO. As mentioned previously, Exequity was retained independently by the Compensation Committee to provide recommendations for the CEO's compensation.

For this analysis, we size adjusted the healthcare industry peer data to \$15 billion in revenue to approximate the Company's estimated 2014 revenue, and the compensation data was similarly adjusted to reflect the 50<sup>th</sup> and 75<sup>th</sup> percentile for base salary, target bonus, long term incentives and target total compensation of a \$15 billion company. These adjusted values were used as the basis of comparison for our executives' compensation. Regression analysis was also performed using the general industry peer group market data. In addition to evaluating the compensation at \$15

billion in revenue, the Compensation Committee also reviewed the data adjusted to \$30 billion to reflect the estimated future revenue based on our growth pattern. The Company's projected revenue for 2015 is in excess of \$20 billion. **The Compensation Committee specifically recognized that some of the companies (for example, Anthem, Inc. and UnitedHealth Group Inc.) are significantly larger than Centene. However, large outliers have *no impact on the median.***

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All elements of compensation are valued and reviewed in evaluating the relative competitiveness of our compensation practices against both the market data and the Compensation Committee's competitive objectives. In addition, the Compensation Committee annually reviews a tally sheet for each NEO, which includes the current value of all outstanding equity-based awards, benefits and perquisites, as well as potential payments under change in control agreements. The Compensation Committee uses the tally sheets to analyze each NEO's base salary, annual incentive target and long term incentive opportunity in relation to the market and each component of compensation as a percentage of total compensation.

***Base Salaries***

While reviewing market data from Exequity and Towers Watson to determine appropriate annual base salaries, the Compensation Committee also considers:

- i the Chief Executive Officer's compensation recommendations for all other NEOs;
- i the scope of responsibility, experience, time in position and individual performance of each officer, including the Chief Executive Officer;
- i the effectiveness of each executive's leadership performance and potential to enhance long term stockholder value; and
- i the internal equity.

***Annual Cash Incentive***

The Compensation Committee rewards NEOs with an Annual Cash Incentive bonus for achieving the Company's EPS objective. The Committee assesses how each NEO contributed to achieving this EPS objective and other pre-determined objectives approved by the Compensation Committee earlier in the year. The Compensation Committee follows a two-step process to determine the amount of bonus earned each year:

1.



The Company must meet a specific EPS objective during the year before any payments may be made. If the Company does not meet its threshold performance, no payments are made. For example, in 2012, the Company did not reach its threshold EPS objective and, accordingly, no annual bonuses were paid.

2. In addition, each NEO's individual performance is assessed by Management and the Compensation Committee against the pre-determined objectives. If these pre-determined objectives were met, exceeded or not met, then the annual bonus could equal, exceed or be less than 150% of target, respectively. Included in each NEO's determination is the achievement of an individual goal related to risk management.

The determination of individual awards under our bonus plan are approved by the Compensation Committee based primarily upon:

- i business performance versus our business plan;
- j the effectiveness of each executive's leadership performance and potential to enhance long term stockholder value;
- k targeted bonus amounts, which are based upon market data; and
- l the recommendation of the Chief Executive Officer (for all NEOs other than the CEO).

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*Long Term Incentives*

Our long term incentive compensation is designed to attract and retain key executives, build an integrated management team, reward for innovation and appropriate risk-taking, balance short term thinking with long term successes and align executive and stockholder interests. TSR, revenue growth, and pre-tax operating margin targets as well as competitive market practices are all used by the Compensation Committee in determining long term incentives.

These long term incentives take the form of the following:

- i **Performance Based Restricted Stock Units (PSUs)** which are based on meeting pre-determined performance goals (an annual EPS target for 2014 grant) and vest over three years if the target is met.
  
- i **Restricted Stock Units (RSUs)** which vest over three years.
  
- i **Cash Long Term Incentive Plan (Cash LTIP)** which is based on meeting three year TSR, pre-tax margin and revenue growth metrics.

Long term incentives are provided both through equity (PSUs and RSUs) and cash, ensuring that the maximum number of shares of common stock granted in any calendar year (excluding shares granted in connection with an acquisition) does not exceed a level associated with competitive practice. Excluding acquisitions, the Company does not annually grant equity compensation exceeding 2% of the outstanding shares of the Company. PSUs and RSUs are normally granted at the annual December Compensation Committee meeting, but may also be awarded at other Compensation Committee meetings for a promotion, extraordinary performance, a newly hired executive or as determined by the Compensation Committee.

*Cash LTIP Award Performance Targets*

The Compensation Committee utilizes the Cash LTIP, which is a three year performance program, to complement the stock incentive plan, manage dilution and supplement the number of shares available under the Company's stock incentive plan. Each NEO is awarded a grant at the beginning of the three-year cycle based on the following targets:

i Chairman & CEO 150% of Prior Year's Annual Salary