

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►
The Transactions are intended to qualify as a tax-free reorganization under Section 368(a) of the Code. The federal income tax consequences of the reorganization to HNI shareholders are determined under Code sections 354, 356, 368 and 1221.

18 Can any resulting loss be recognized? ►
See attached.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ►
The Transactions were effective on March 24, 2016. Therefore, the reportable tax year is the tax year of the shareholder that includes March 24, 2016.

THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE TAX ADVICE AND DOES NOT PURPORT TO BE COMPLETE OR TO DESCRIBE THE CONSEQUENCES THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ► *Tricia Dinkelman* Date ► 04.28.16
Print your name ► Tricia Dinkelman Title ► Vice President, Tax

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►	Firm's EIN ►			
	Firm's address ►	Phone no.			

Attachment to Form 8937

Form 8937, Part II, Box 14:

Parties to the organizational action include Centene Corporation, a Delaware corporation (“Centene”), Chopin Merger Sub I, Inc., a Delaware corporation, (“Merger Sub I”), Chopin Merger Sub II, Inc., a Delaware corporation (“Merger Sub II”) and Health Net, Inc., a Delaware corporation (“HNI”).

On March 24, 2016, (i) Merger Sub I, a direct wholly owned subsidiary of Centene, merged with and into HNI, with HNI continuing as the surviving company and as a direct wholly owned subsidiary of Centene (the “Merger”) and (ii) thereafter, HNI merged with and into Merger Sub II, with Merger Sub II continuing as the surviving company and as a direct wholly owned subsidiary of Centene (the “Second Merger” and, together with the Merger, the “Transactions”).

Pursuant to the Merger, each HNI shareholder received \$28.25 in cash and 0.622 shares of Centene common stock for each share of HNI common stock held by such shareholder (other than shares with respect to which appraisal rights are being exercised).

Form 8937, Part II, Box 15:

The Transactions are intended to qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986 (the “Code”). With respect to U.S. holders of HNI common stock, for U.S. federal income tax purposes, the aggregate tax basis of the Centene common stock received by a U.S. holder in the Merger (including any fractional share deemed received and exchanged for cash) will be the same as the aggregate adjusted tax basis of such U.S. holder's HNI common stock exchanged therefor, decreased by the cash received (but excluding any cash received in lieu of a fractional share of Centene common stock) and increased by the amount of any gain recognized by the holder (but excluding any gain resulting from the deemed receipt and redemption of a fractional share of Centene common stock). A U.S. holder's holding period in the Centene common stock received (including a fractional share of Centene common stock deemed to be received) will include the holding period of the shares of HNI common stock exchanged for such Centene common stock..

If a U.S. holder acquired HNI common stock at different times or at difference prices, any gain or loss realized will be determined separately with respect to each block of HNI common stock and such holder’s basis in its shares of HNI common stock may be determined with reference to each block of HNI common stock. A loss realized (but not recognized) on the exchange of one block of HNI common stock cannot be used to offset a gain realized on the exchange of another block of HNI common stock.

Form 8937, Part II, Box 16:

Calculation of tax basis in the shares of Centene common stock issued pursuant to the Merger is dependent on the trading price of Centene common stock on the date of the Merger.

U.S. federal income tax law does not specifically identify how U.S. holders should determine the fair market value of the Centene common stock on the date of the Merger. There are several possible methods of measuring such value, including the opening trading price, the closing trading price, and the average of the high and low trading prices on the date of the Merger. For purposes of information reporting, Centene and the Exchange Agent are reporting the fair market value of the Centene common stock issued in the exchange as \$63.65, the average of the high and low trading price (\$64.65 and \$62.64, respectively) of the Centene common stock on the date of the Merger. There can be no assurance that the Internal Revenue Service will not assert other values or alternative valuation.

The information contained herein does not constitute tax advice. You should consult your own tax advisor as to the tax consequences of the Merger in your particular circumstances.

Form 8937, Part II, Box 18:

In general, HNI shareholders will not recognize any gain or loss for U.S. federal income tax purposes by reason of the Transactions, except with respect to cash received in lieu of fractional shares of Centene common stock. To the extent that a U.S. holder of HNI common stock received cash in lieu of a fractional share of Centene common stock, such shareholder will be treated as having received such fractional share of Centene common stock pursuant to the Merger and then as having sold such fractional share of Centene common stock for cash. These holders will generally recognize gain or loss equal to the difference between the amount of cash received and the holder's basis in the fractional share of Centene common stock. The gain or loss generally will be long-term capital gain or loss if, as of the date of the Transactions, the HNI shareholder's holding period with respect to the fractional share of Centene common stock exceeds one year.