

HEALTH NET INC  
Form 425  
July 15, 2015

July  
15, 2015  
Filed by Centene  
Corporation  
Pursuant to Rule 425 under the Securities Act of 1933, as amended, and  
deemed filed pursuant to Rule 14a-12 under the  
Securities Exchange Act of 1934, as amended  
Subject Company: Health Net, Inc.  
Commission File No.: 1-12718  
This  
filing  
relates  
to  
the  
previously  
disclosed  
proposed

business  
combination  
of  
Health  
Net,  
Inc.  
and  
Centene  
Corporation.  
The  
following  
is  
an  
updated  
investor  
and  
analyst  
presentation  
posted  
to  
Centene  
Corporation's  
website  
on  
July  
15,  
2015.  
Centene  
+ Health Net

2

Safe Harbor Statement

Cautionary Statement Regarding Forward-Looking Statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Centene Health Net and the combined businesses of Centene and Health Net and certain plans and objectives of Centene and Health Net with respect to the expected benefits of the proposed merger. These forward-looking statements can be identified by the fact that they do not represent current facts. Forward-looking statements often use words such as anticipate , target , expect , estimate , intend , plan , aim , continue , will , may , would , could or should or other words of similar meaning or the negative thereof. Such forward-looking statements could cause actual plans and results to differ materially from those expressed or implied in forward-looking statements. Such forward-looking statements are based on current expectations and are subject to risks and uncertainties.

limited  
to,  
the  
expected  
closing  
date  
of  
the  
transaction;  
the  
possibility  
that  
the  
expected  
synergies  
and  
value  
creation  
from  
the  
proposed  
merger  
will  
not  
be realized, or will not be realized within the expected time period; the risk that the businesses will not be integrated successfully  
merger making it more difficult to maintain business and operational relationships; the risk that unexpected costs will be incurred  
conditions, political conditions, changes in federal or state laws or regulations, including the Patient Protection and Affordable  
Care  
Education  
Affordability  
Reconciliation  
Act  
and  
any  
regulations  
enacted  
thereunder,  
provider  
and  
state  
contract  
changes,  
the  
outcome  
of  
pending  
legal  
or  
regulatory  
proceedings,

reduction  
in  
provider  
payments  
by  
governmental  
payors,  
the  
expiration  
of  
Centene's  
or  
Health  
Net's  
Medicare  
or  
Medicaid  
managed  
care  
contracts  
by  
federal  
or  
state  
governments  
and  
tax  
matters;  
the  
possibility  
that  
the  
merger  
does  
not  
close,  
including,  
but  
not  
limited to, due to the failure to satisfy the closing conditions, including the receipt of approval of both Centene's stockholders  
stockholders; the risk that financing for the transaction may not be available on favorable terms; and risks and uncertainties dis  
Centene and Health Net have filed with the Securities and Exchange Commission (the "SEC"). These forward-looking statem  
Health Net's current views with respect to future events and are based on numerous assumptions and assessments made by Ce  
light of their experience and perception of historical trends, current conditions, business strategies, operating environments, fut  
other factors they believe appropriate. By their nature, forward-looking statements involve known and unknown risks and unce  
relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward  
announcement  
could  
cause  
Centene's

and  
Health  
Net's  
plans  
with  
respect  
to  
the  
proposed  
merger,  
actual  
results,  
performance  
or  
achievements,  
industry

results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will be correct and persons reading this announcement are therefore cautioned not to place undue reliance on these forward-looking statements only as of the date of this announcement. Neither Centene nor Health Net assumes any obligation to update the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law. A full discussion of risks and uncertainties can be found in Centene's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and Form 10-Q and Form 8-K as well as in Health Net's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and Form 10-Q and Form 8-K.

3

Safe Harbor Statement

Additional Information and Where to Find It

The proposed merger transaction involving Centene and Health Net will be submitted to the respective stockholders of Centene for consideration. In connection with the proposed merger, Centene will prepare a registration statement on Form S-4 that will include a proxy statement/prospectus for the stockholders of Centene and Health Net to be filed with the SEC, and each will mail the joint proxy statement/prospectus to their respective stockholders and file other documents regarding the proposed transaction with the SEC. Centene and Health Net urge their respective stockholders to read the joint proxy statement/prospectus when it becomes available, as well as other documents filed with the SEC, because they contain important information. Investors and security holders will be able to receive the registration statement containing the joint proxy statement/prospectus.

documents free of charge at the SEC's web site, <http://www.sec.gov>. These documents can also be obtained (when they are available) from Centene upon written request to the Investor Relations Department, Centene Plaza 7700 Forsyth Blvd. St. Louis, MO 63105, (314) 291-6911, or from Health Net upon written request to the Investor Relations Department, Health Net, 10000 Wilshire Street Woodland Hills, CA 91367, (800) 291-6911, or from Health Net's website, [www.healthnet.com/InvestorRelations](http://www.healthnet.com/InvestorRelations).

#### Participants in Solicitation

Centene, Health Net and their respective directors and executive officers and other members of management and employees may be deemed participants in the solicitation of proxies from the respective stockholders of Centene and Health Net in favor of the merger. In addition, any person who may, under the rules of the SEC, be deemed participants in the solicitation of the respective stockholders of Centene and Health Net in favor of the proposed merger will be set forth in the joint proxy statement/prospectus when it is filed with the SEC. You can find information about Centene's executive officers and directors in its definitive proxy statement for its 2015 Annual Meeting of Stockholders, which was filed with the SEC on March 26, 2015. You can find information about Health Net's executive officers and directors in its definitive proxy statement for its 2015 Annual Meeting of Stockholders, which was filed with the SEC on March 26, 2015. You can obtain free copies of these documents from Centene and Health Net upon request as set forth above.

#### No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy or the offer to buy or the sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.



Earnings Guidance Policy

4

Our  
Company's  
policy  
is,  
that  
the  
Company

undertakes  
no  
obligation  
to  
update  
its  
earnings  
guidance,  
other  
than  
as  
part  
of  
its  
quarterly  
or  
yearly  
earnings  
disclosure,  
and  
that  
silence  
on  
guidance  
by  
the  
Company  
or  
Company  
officials  
should  
not  
be  
interpreted  
that  
guidance  
has  
or  
has  
not  
changed.  
In  
any  
event,  
no  
updated  
guidance  
would  
ever  
be

given  
that  
is  
not  
previously  
or  
simultaneously  
disclosed  
in  
an  
SEC  
filing  
or  
other  
broad  
non-exclusionary  
means.

Further,  
it  
is  
Company  
policy  
to  
generally  
not  
hold  
discussions  
with  
investors  
commencing  
two  
weeks  
prior  
to  
earnings  
release.

- 5  
Enhanced Capabilities for Delivering  
High Quality, Affordable Healthcare
- 1.  
Growth in 2017 and beyond
- 2.  
Critical mass
- 3.  
Increased capabilities

- 4.  
Pro Forma 2015E Premium & Service Revenue of \$37B
- 5.  
Pro Forma 2015E Adj. EBITDA in excess of \$1.5B
- +
- =

6

Growth Drivers

Deeper Penetration in California (Largest Medicaid State, Segment Size: 12 Million)

o

Medicaid

1.7 M members

o

Medicare

over 265K members

o

Exchange

nearly 300K members

o

Duals Demo

27K members

o

Prison Health

125K eligibles

Medicare Advantage across Centene

States

o

Over 65% of Medicare beneficiaries at or under 400% of FPL

o

HNT Medicare Advantage in AZ, CA, OR, WA

Additional Business

o

Tricare

2.8 M eligibles

o

VA

nearly 5M eligibles

o

\$600M in revenue

Centene

o

Additional Segments

o

Specialty Company Growth

7

Key Transaction Terms

\$28.25 in cash plus 0.622 shares of Centene

Implies

\$78.57

per

Health

Net

share



based

on

July

1

st

close

Total transaction value of \$6.8B, including assumption of Health Net debt

Purchase

Price

Projected

Financial

Impact

Greater than 10% accretive to GAAP EPS in first full year

Greater than 20% accretive to Adjusted EPS in first full year

Pre tax synergies of \$150M by the end of year 2; half in year 1 (On top of Cognizant Savings)

Path to

Closing

Expect to close in early 2016

Health Net and Centene shareholder approval

Expiration of Hart-Scott-Rodino waiting period and customary State approvals including change of control approvals from State insurance and health regulators in Arizona, California and Oregon.

Financing commitment of \$2.7B

Pro forma debt to capital ratio of ~40%

Permanent financing to consist primarily of senior notes

Financing

Ownership

Centene shareholders to own ~71% of Company and Health Net shareholders to own

~29% of Company

8  
Cost Synergy Opportunities  
Core G&A Efficiencies  
Specialty Company  
Integration  
Medical Costs  
Technology Platform  
\$150M  
in Year 2

Savings Are Incremental to Growth Opportunity  
On Top of Cognizant Savings

9

Critical Mass: Leader in High Quality

Affordable Plans

Health Net

Centene

Common States

Medicaid:

5.7 million

Specialty / Government:

3.1 million

Commercial / Exchanges:

1.3 million

Medicare:

275,000

Duals:

40,000

Total

10.4 million

Pro Forma Membership as of 3/31/15

Note: Map excludes Health Net's TRICARE North Region membership

10  
Diversifying and Setting the Stage for  
2016 and Beyond  
+  
Commercial / Exchanges  
Medicaid  
Medicare  
Specialty / Government  
Duals

2015E Pro Forma Revenue:

\$37 billion

2015E Revenue:

\$16 billion

2015E Revenue:

\$21 billion

Note: Estimate of revenue represents Premium and Service revenue and excludes health insurer fee revenue, premium taxes and

64%

16%

8%

8%

4%

39%

34%

19%

4%

4%

83%

2%

0.7%

11%

4%

11  
Significant and Real Growth  
Opportunities  
Increased  
Medicare  
Advantage  
Presence  
4 Star Plans  
Centene



States  
Enhanced  
Opportunity for  
Targeted  
Exchange  
Populations  
Leader in  
Quality  
Affordable  
Plans  
Value Based  
Networks  
Additional  
Government  
Health  
Programs  
VA  
TRICARE  
Leverage  
Specialty  
Platform  
Depth and  
Breadth of  
Integrated  
Specialty  
Products  
Leader in  
Medicaid  
National  
Presence  
Leadership  
Position  
Introduces  
Commercial  
Group  
Business  
Harnesses  
strong  
distribution  
channels  
Provides  
opportunities  
on private  
exchanges

Increased Addressable Segments by  
Product  
12  
Medicaid  
& CHIP  
Medicare  
Correctional  
Healthcare  
Health Insurance

Marketplace

\$612B

\$612B

\$689B

\$689B

\$104B

\$104B

\$9B

\$9B

\$1.4

trillion

\$1.4

trillion

US Health Care  
Public Financing  
13  
134 million  
(42% of Americans)  
172 million  
(52% of Americans)  
191 million  
(56% of Americans)

Source: HMA, 2014  
Millions of Beneficiaries  
2014  
2019  
2024  
72  
91  
93  
50  
62  
72  
7  
14  
21  
5  
5  
5  
CHIP  
Exchange  
Medicare  
Medicaid

Current Pipeline  
14  
Medicaid  
& CHIP  
Medicare  
(Duals)  
Correctional  
Healthcare  
Health Insurance

Marketplace

\$140 billion

(Note: this figure does not include additional Medicare Advantage in CNC States)

\$140 billion

(Note: this figure does not include additional Medicare Advantage in CNC States)

Opportunity for Deeper Penetration in Segment

Centene  
Has Delivered Growth Since  
2008  
15  
States  
70  
Solutions  
8  
Government Solutions



AZ

IN

OH

TX

Low-Income Medicaid

CHIP

ABD (non duals)

ABD (dual-eligible) or Dual Demonstrations

Long-Term Services and Supports

Foster Care

Medicare Special Needs Plan

Specialty Health Solutions

Pharmacy Benefits

Behavioral & Specialty Therapies

Life & Health Management

Managed Vision

FL

SC

WI

HEALTHCARE COVERAGE SOLUTIONS

GA

Telehealth

Combination Creates Increased Product Diversity  
Across a Broader Footprint (Pro Forma 2015)

16

23 States

237 Solutions

Government Solutions

AZ

AR  
CA  
FL  
GA  
IL  
IN  
KS  
LA  
MA  
MI  
MN  
MS  
MO  
NH  
OH  
OR  
1  
SC  
TN  
TX  
VT  
WA  
WI  
TANF  
Medicaid Expansion  
CHIP  
ABD (non-duals)  
ABD (Medicaid only  
dual-eligibles)  
Dual Demonstrations  
Intellectually/Developmentally Disabled  
Long-Term Services and Supports  
Foster Care  
Medicare  
Advantage  
Medicare  
Special Needs Plan  
Health Insurance Marketplace  
Correctional Healthcare  
Specialty Health Solutions  
Pharmacy Benefits  
Behavioral & Specialty Therapies  
Life & Health Management  
Primary Care Solutions for Complex  
Populations  
Managed Vision  
Telehealth (Nurse Triage  
and Education Line)

1  
Entry underway with acquisition of Agate Resources anticipated to close in Q3 2015.

2

Centene is in process of transitioning dental services from external vendors to our new dental benefit management subsidiary.

3

Does not include HNT's Group Commercial and TRICARE lines of business.

Dental Benefits

2

17

Enhanced Capabilities for Delivering  
High Quality, Affordable Healthcare  
Scale in  
Government  
Programs

Leading position in Government programs: Medicaid, Medicare, VA and TRICARE  
PF 2015E Premium & Service Revenue of \$37B and Adj. EBITDA in excess of \$1.5B  
Opportunity to leverage specialty programs

Increased

Capabilities

Provides scale and expertise in Medicare

Strong quality position with 4 Star plan

Innovative capabilities for value based Exchange & consumer products

Platform for

Expanded

Growth

Significant growth opportunity in Medicare, Exchanges & other Gov't programs

Leadership in CA, FL and TX

Expanded growth pipeline

Compelling

Financial

Profile

In first year, GAAP EPS accretion of >10% and Adjusted EPS accretion > 20%

Prudent capital structure with debt to capital of ~40%

Centene  
+ Health Net