

Mancusi-Ungaro, Michael - OCI

From: Bunevich, Cheryl A <Cheryl.Bunevich@skadden.com>
Sent: Tuesday, July 30, 2019 11:08 AM
To: Mancusi-Ungaro, Michael - OCI
Cc: Freed, Todd E; 'Toman, William J.'; Knuckey, Ashlee (AKnuckey@lockelord.com); Farber, Tim (TFarber@lockelord.com); Zaitzeff, Lara M
Subject: RE: Centene/WellCare: Responses
Attachments: Wisconsin Response Letter.pdf; Health industry_ucaa_form13H - WHPWI.XLS; Health industry_ucaa_form13H - WHICWI.XLS; Exhibit A (Registration Statement Pages).pdf; Exhibit B Centene Standalone Forecasts.pdf

Mike,

Thanks for taking the time to speak with us yesterday. As discussed, attached is a follow-up response to your inquiries regarding debt servicing and pro formas (including the exhibits thereto in separate pdf files). Also, as requested, attached are the three-year financial projections of the Domestic Insurers submitted with the Form A filing in excel (please note that we requested in the Form A (and continue to request) confidential treatment for these financial projections).

We would be happy to have a call to discuss the attached at your convenience. As always, thanks for your assistance.

Regards,

Cheryl A. Bunevich
Skadden, Arps, Slate, Meagher & Flom LLP Four Times Square | New York | 10036-6522
T: 212.735.3709 | F: 212.735.2000
cheryl.bunevich@skadden.com

From: Mancusi-Ungaro, Michael - OCI [mailto:Michael.MancusiUngaro@wisconsin.gov]
Sent: Tuesday, July 30, 2019 9:39 AM
To: Bunevich, Cheryl A (NYC)
Subject: [Ext] RE: Centene/WellCare: Responses

Hi Cheryl,

Can you also send me the original projections you filed with the application in excel? I believe the exhibit number is CE2 or CE 3. Thanks!

From: Bunevich, Cheryl A <Cheryl.Bunevich@skadden.com>
Sent: Monday, July 29, 2019 10:54 AM
To: Mancusi-Ungaro, Michael - OCI <Michael.MancusiUngaro@wisconsin.gov>; Zaitzeff, Lara M <Lara.Zaitzeff@skadden.com>
Cc: Freed, Todd E <Todd.Freed@skadden.com>; 'Toman, William J.' <William.Toman@quarles.com>; Knuckey, Ashlee (AKnuckey@lockelord.com) <AKnuckey@lockelord.com>; Farber, Tim (TFarber@lockelord.com) <TFarber@lockelord.com>
Subject: RE: Centene/WellCare: Responses

Mike,

Thanks for your e-mail. We are coordinating with Centene Finance to provide responses. We would like to arrange a call with you and Centene Finance to discuss and will be back to you with proposed times. Thank you.

Regards,

Cheryl A. Bunevich

Skadden, Arps, Slate, Meagher & Flom LLP Four Times Square | New York | 10036-6522

T: 212.735.3709 | F: 212.735.2000

cheryl.bunevich@skadden.com

From: Mancusi-Ungaro, Michael - OCI [<mailto:Michael.MancusiUngaro@wisconsin.gov>]

Sent: Monday, July 29, 2019 11:31 AM

To: Zaitzeff, Lara M (NYC)

Cc: Freed, Todd E (NYC); 'Toman, William J.'; Bunevich, Cheryl A (NYC); Knuckey, Ashlee (AKnuckey@lockelord.com);

Farber, Tim (TFarber@lockelord.com)

Subject: [Ext] RE: Centene/WellCare: Responses

All: Yes, I would like to schedule a call to go over what you provided.

Also, I'm not going to blindside you: Wisconsin OCI is making a second request to provide the information and projections I asked for on July 24, 2019 because the worksheet provided was returned yesterday with inaccurate and missing information. If the author of the spreadsheet had questions, I wish they would have contacted me earlier so I could help. For example, the whole proforma section was omitted without explanation except for a note saying: "We only included pro forma combined information that we were required to include in the Joint Proxy or information that could be calculated from required disclosures." Also, the invitation I extended earlier to help me get "a better understanding how the NewCo will handle the interest rate risk associated with what looks like \$17.1 billion in debt, lease obligations" was completely ignored.

First, Form A Applicants in Wisconsin are required to provide three years of financial projections, including simple things like Net Income. Five-year projections are common. Net income can be projected. EBITDA can be projected. Unlevered Cashflow can be projected since the debt figures are known. If you are refusing to provide the projections I requested, please cite your authority.

Second, the list of debt provided in your most recent response seems to be missing almost \$11 billion (!?) including the ~\$8.3 billion Centene WellCare Senior Bridge loan and a bunch of other items. For example, I believe your response only lists Centene's debt but WellCare has notes due in 2025 and 2026. What about offsets for issuance costs? In any event, I cannot tell what debt was included because nothing was labeled.

Finally, what happens if we get a 10-20% increase in interest rates and the weighted interest rates on the combined debt portfolio go north of 6.5%? How is the NewCo going to handle the interest rate risk associated on \$17.1 billion in debt?

I understand and appreciate that your clients are putting pressure on you to get a hearing scheduled in Wisconsin, however, I will not take that step at this time because I don't have a good understanding of the debt implications of this transaction and am now left with more questions because of your response.

My calendar is wide open, and I am willing to come in early or stay late to accommodate everyone's schedule.

MMU

From: Zaitzeff, Lara M <Lara.Zaitzeff@skadden.com>
Sent: Sunday, July 28, 2019 8:13 PM
To: Mancusi-Ungaro, Michael - OCI <Michael.MancusiUngaro@wisconsin.gov>
Cc: Freed, Todd E <Todd.Freed@skadden.com>; 'Toman, William J.' <William.Toman@quarles.com>; Bunevich, Cheryl A <Cheryl.Bunevich@skadden.com>; Knuckey, Ashlee (AKnuckey@lockelord.com) <AKnuckey@lockelord.com>; Farber, Tim (TFarber@lockelord.com) <TFarber@lockelord.com>
Subject: FW: Centene/WellCare: Responses

Mike,

Attached is the worksheet you requested completed by Centene. If you would like to schedule a call to discuss, please let us know.

Also, the parties are very desirous of securing a date for the Wisconsin public hearing. Any progress on this front?

Regards,

Lara M. Zaitzeff
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square | New York | 10036-6522
T: 212.735.3298 | F: 917.777.3298
lara.zaitzeff@skadden.com

From: Mancusi-Ungaro, Michael - OCI [<mailto:Michael.MancusiUngaro@wisconsin.gov>]
Sent: Wednesday, July 24, 2019 1:38 PM
To: Bunevich, Cheryl A (NYC)
Cc: Freed, Todd E (NYC); Zaitzeff, Lara M (NYC)
Subject: [Ext] RE: Centene/WellCare: Responses

Hi everyone,

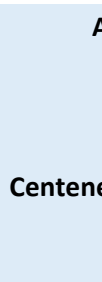
Like I mentioned before, Wisconsin OCI has a couple of questions regarding the level of debt that the combined NewCo will assume post-closing and would like a better understanding how the NewCo will handle the interest rate risk associated with what looks like \$17.1 billion in debt, lease obligations. This is a complicated question.

Here is what I propose: I'd like a worksheet generated containing the following information so we can speak intelligently on the subject going forward and to develop a record to support additional analysis. Below is a sample worksheet your accountants can build and after I review your submission, we can have an intelligent conversation based on real numbers.

Let me know if you have any questions or concerns and feel free to forward as needed.

MMU

Base Case



Cash & Short-term Investments
Debt
Debt+Lease Obligations (Broad Debt)
Equity
Total Capital
Total Capital+Lease Obligations (Broad Capital)

Interest Expense
EBITDA
Net Income
Unlevered Free Cash Flow
Debt Repayment + Interest
Weighted Average Interest Rate-see table below
Debt/Capital
Broad Debt/Broad Capital
Debt/Equity
Debt/EBITDA
Broad Debt/EBITDA
Interest Coverage-Unlevered Cash Flow (Unlevered Free Cash Flow/Interest Expense)
Debt Service Coverage-Unlevered Cash Flow (Unlevered Free Cash Flow/(Debt Repayment+ Interest Expense))
Interest Coverage-EBITDA (EBITDA/Interest Expense)
Debt Service Coverage-EBITDA (EBITDA/(Debt Repayment+ Interest Expense))

Current Weighted Average Interest Rate Calculation based on outstanding debt

Please list all outstanding securities, debt instruments, or obligations.

Borrowing

From: Bunevich, Cheryl A <Cheryl.Bunevich@skadden.com>
Sent: Monday, July 22, 2019 2:04 PM
To: Mancusi-Ungaro, Michael - OCI <Michael.MancusiUngaro@wisconsin.gov>
Cc: Freed, Todd E <Todd.Freed@skadden.com>; Zaitzeff, Lara M <Lara.Zaitzeff@skadden.com>
Subject: RE: Centene/WellCare: Responses

Hi Mike,

I hope you are well. In follow up to our conversation on Thursday of last week, we just wanted to check on status of the questions you had indicated we would receive concerning the Form A Statement filed by Centene Corporation. Many thanks.

Regards,

Cheryl A. Bunevich
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square | New York | 10036-6522
T: 212.735.3709 | F: 212.735.2000
cheryl.bunevich@skadden.com

From: Mancusi-Ungaro, Michael - OCI [<mailto:Michael.MancusiUngaro@wisconsin.gov>]
Sent: Thursday, July 11, 2019 2:22 PM
To: Bunevich, Cheryl A (NYC)
Subject: [Ext] RE: Centene/WellCare: Responses

Sure, just give me a heads up when that will be and I'll make sure to be by my desk.

From: Bunevich, Cheryl A <Cheryl.Bunevich@skadden.com>
Sent: Thursday, July 11, 2019 1:21 PM
To: Mancusi-Ungaro, Michael - OCI <Michael.MancusiUngaro@wisconsin.gov>
Cc: 'Knuckey, Ashlee' <AKnuckey@lockelord.com>
Subject: RE: Centene/WellCare: Responses

Mike,

Can we call you later this afternoon? Apologies for confusion.

Cheryl A. Bunevich
Skadden, Arps, Slate, Meagher & Flom LLP
T: 212.735.3709

From: Bunevich, Cheryl A (NYC)
Sent: Thursday, July 11, 2019 2:07 PM
To: 'Mancusi-Ungaro, Michael - OCI'
Cc: 'Knuckey, Ashlee'
Subject: RE: [Ext] RE: Centene/WellCare: Responses

Mike,

We will call you shortly. Thanks.

Regards,

Cheryl A. Bunevich
Skadden, Arps, Slate, Meagher & Flom LLP
T: 212.735.3709

From: Mancusi-Ungaro, Michael - OCI [<mailto:Michael.MancusiUngaro@wisconsin.gov>]
Sent: Thursday, July 11, 2019 1:57 PM
To: Bunevich, Cheryl A (NYC)
Subject: [Ext] RE: Centene/WellCare: Responses

2pm your time works! You guys call me?

From: Bunevich, Cheryl A <Cheryl.Bunevich@skadden.com>
Sent: Thursday, July 11, 2019 10:43 AM
To: Mancusi-Ungaro, Michael - OCI <Michael.MancusiUngaro@wisconsin.gov>
Cc: 'Knuckey, Ashlee' <AKnuckey@lockelord.com>
Subject: RE: Centene/WellCare: Responses

Mike,

Ashlee and I just tried to call you. We are generally available this afternoon to touch base. How is 1 or 2 pm ET? Thanks!

Regards,

Cheryl A. Bunevich
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square | New York | 10036-6522
T: 212.735.3709 | F: 212.735.2000
cheryl.bunevich@skadden.com

From: Mancusi-Ungaro, Michael - OCI [<mailto:Michael.MancusiUngaro@wisconsin.gov>]
Sent: Monday, July 08, 2019 10:41 AM
To: Bunevich, Cheryl A (NYC)
Cc: 'Knuckey, Ashlee'
Subject: [Ext] RE: Centene/WellCare: Responses

Hi guys,

Sorry I was out of the office on vacation and did not have access to my state email during that time. I am in the office today if you want to give me a call.

MMU

From: Bunevich, Cheryl A <Cheryl.Bunevich@skadden.com>
Sent: Tuesday, July 02, 2019 3:22 PM
To: Mancusi-Ungaro, Michael - OCI <Michael.MancusiUngaro@wisconsin.gov>

Cc: 'Knuckey, Ashlee' <AKnuckey@lockelord.com>

Subject: RE: Centene/WellCare: Responses

Hi Mike,

Ashley Knuckey and I tried to reach you this afternoon to discuss one of your outstanding questions in connection with the Centene / WellCare transaction. Is there a good time to discuss today or tomorrow? Thanks very much.

Regards,

Cheryl A. Bunevich

Skadden, Arps, Slate, Meagher & Flom LLP

Four Times Square | New York | 10036-6522

T: 212.735.3709 | F: 212.735.2000

cheryl.bunevich@skadden.com

From: Bunevich, Cheryl A (NYC)

Sent: Monday, June 24, 2019 9:46 AM

To: 'Mancusi-Ungaro, Michael - OCI'

Cc: Freed, Todd E (NYC); 'Toman, William J.'; Knuckey, Ashlee (AKnuckey@lockelord.com); Farber, Tim (TFarber@lockelord.com); Zaitzeff, Lara M (NYC)

Subject: Centene/WellCare: Responses

Mr. Mancusi-Ungaro,

Please see the attached responses to your inquiries concerning the proposed acquisition of control of WellCare Health Insurance Company of Wisconsin, Inc. and WellCare Health Plans of Wisconsin, Inc. by Centene Corporation. Thank you.

Regards,

Cheryl A. Bunevich

Skadden, Arps, Slate, Meagher & Flom LLP Four Times Square | New York | 10036-6522

T: 212.735.3709 | F: 212.735.2000

cheryl.bunevich@skadden.com

From: Zaitzeff, Lara M (NYC)

Sent: Sunday, June 23, 2019 11:03 PM

To: 'Mancusi-Ungaro, Michael - OCI'

Cc: Keith Williamson; Freed, Todd E (NYC); Bunevich, Cheryl A (NYC); 'Toman, William J.'; Knuckey, Ashlee (AKnuckey@lockelord.com); Farber, Tim (TFarber@lockelord.com)

Subject: Centene/WellCare: Wisconsin Form E Update

Mr. Mancusi-Ungaro,

Please see attached.

Regards,

Lara M. Zaitzeff

Skadden, Arps, Slate, Meagher & Flom LLP

Four Times Square | New York | 10036-6522

T: 212.735.3298 | F: 917.777.3298

lara.zaitzeff@skadden.com

This email (and any attachments thereto) is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this email, you are hereby notified that any dissemination, distribution or copying of this email (and any attachments thereto) is strictly prohibited. If you receive this email in error please immediately notify me at (212) 735-3000 and permanently delete the original email (and any copy of any email) and any printout thereof.

Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.

=====

This email (and any attachments thereto) is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this email, you are hereby notified that any dissemination, distribution or copying of this email (and any attachments thereto) is strictly prohibited. If you receive this email in error please immediately notify me at (212) 735-3000 and permanently delete the original email (and any copy of any email) and any printout thereof.

Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.

=====

This email (and any attachments thereto) is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this email, you are hereby notified that any dissemination, distribution or copying of this email (and any attachments thereto) is strictly prohibited. If you receive this email in error please immediately notify me at (212) 735-3000 and permanently delete the original email (and any copy of any email) and any printout thereof.

Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.

=====

This email (and any attachments thereto) is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this email, you are hereby notified that any dissemination, distribution or copying of this email (and any attachments thereto) is strictly prohibited. If you receive this email in error please immediately notify me at (212) 735-3000 and permanently delete the original email (and any copy of any email) and any printout thereof.

Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.

=====

This email (and any attachments thereto) is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this email,

you are hereby notified that any dissemination, distribution or copying of this email (and any attachments thereto) is strictly prohibited. If you receive this email in error please immediately notify me at (212) 735-3000 and permanently delete the original email (and any copy of any email) and any printout thereof.

Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.

This email (and any attachments thereto) is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this email, you are hereby notified that any dissemination, distribution or copying of this email (and any attachments thereto) is strictly prohibited. If you receive this email in error please immediately notify me at (212) 735-3000 and permanently delete the original email (and any copy of any email) and any printout thereof.

Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.

This email (and any attachments thereto) is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this email, you are hereby notified that any dissemination, distribution or copying of this email (and any attachments thereto) is strictly prohibited. If you receive this email in error please immediately notify me at (212) 735-3000 and permanently delete the original email (and any copy of any email) and any printout thereof.

Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.
