
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 26, 2023 (July 26, 2023)

MOLINA HEALTHCARE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

1-31719
(Commission File Number)

13-4204626
(IRS Employer Identification No.)

200 Oceangate, Suite 100, Long Beach, California
(Address of principal executive offices)

90802
(Zip Code)

Registrant's telephone number, including area code: (562) 435-3666

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------------------|-------------------|---|
| Common Stock, \$0.001 Par Value | MOH | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On July 26, 2023, Molina Healthcare, Inc. (the "Company") issued a press release reporting its financial results for the second quarter ended June 30, 2023 and increasing its previously announced full-year 2023 guidance with respect to earnings per diluted share. The full text of the press release is included as Exhibit 99.1 to this report. The information contained in the Company's website cited in the press release is not part of this report.

Note: The information in this Form 8-K and the exhibits attached hereto shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Press release of Molina Healthcare, Inc., issued July 26, 2023, reporting financial results for the second quarter ended June 30, 2023 and increasing full-year 2023 guidance with respect to earnings per diluted share. |
| 104 | Cover Page information from Molina Healthcare, Inc.'s Current Report on Form 8-K filed on July 26, 2023 formatted in iXBRL (Inline Extensible Business Reporting Language) |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MOLINA HEALTHCARE, INC.

Date: July 26, 2023

By: /s/ Jeff D. Barlow
Jeff D. Barlow
Chief Legal Officer and Secretary

News Release

Investor Contact: Joseph Krocheski, Joseph.Krocheski@molinahealthcare.com, 562-549-4100

Media Contact: Caroline Zubieta, Caroline.Zubieta@molinahealthcare.com, 562-951-1588

Molina Healthcare Reports Second Quarter 2023 Financial Results Increases Full-Year 2023 Earnings Guidance

Long Beach, Calif, July 26, 2023 – Molina Healthcare, Inc. (NYSE: MOH) (the “Company”) today reported second quarter 2023 GAAP earnings per diluted share of \$5.35 and adjusted earnings per diluted share of \$5.65. Financial results are summarized below:

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|---------|------------------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>(In millions, except per-share results)</i> | | | | |
| Premium Revenue | \$8,042 | \$7,799 | \$15,927 | \$15,330 |
| Total Revenue | \$8,327 | \$8,054 | \$16,476 | \$15,824 |
| GAAP: | | | | |
| Net Income | \$309 | \$248 | \$630 | \$506 |
| EPS – Diluted | \$5.35 | \$4.25 | \$10.87 | \$8.63 |
| Medical Care Ratio (MCR) | 87.5 % | 88.1 % | 87.3 % | 87.6 % |
| G&A Ratio | 7.4 % | 6.8 % | 7.3 % | 7.1 % |
| After-tax Margin | 3.7 % | 3.1 % | 3.8 % | 3.2 % |
| Adjusted: | | | | |
| Net Income | \$327 | \$266 | \$664 | \$554 |
| EPS – Diluted | \$5.65 | \$4.55 | \$11.45 | \$9.45 |
| G&A Ratio | 7.4 % | 6.8 % | 7.3 % | 6.9 % |
| After-tax Margin | 3.9 % | 3.3 % | 4.0 % | 3.5 % |

See the Reconciliation of Unaudited Non-GAAP Financial Measures at the end of this release.

Quarter Highlights

- As of June 30, 2023, and including the early impact of Medicaid redeterminations, the Company served approximately 5.2 million members, an increase of 1% compared to June 30, 2022.
- Premium revenue was approximately \$8.0 billion for the second quarter of 2023, an increase of 3% compared to the second quarter of 2022.
- GAAP net income was \$5.35 per diluted share for the second quarter of 2023, an increase of 26% compared to the second quarter of 2022.
- Adjusted net income was \$5.65 per diluted share for the second quarter of 2023, an increase of 24% compared to the second quarter of 2022.
- The Company increased its full year 2023 adjusted earnings guidance by \$0.50 to at least \$20.75 per diluted share, a 16% increase compared to 2022.

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“Our performance this quarter supports our long-term outlook for revenue and earnings growth,” said Joseph Zubretsky, President and Chief Executive Officer. “We continue to build the revenue base and new store earnings profile, our operating results provide a very solid earnings base, and we have seen nothing in the early stages of the Medicaid redetermination process that changes our view of the earnings trajectory of the business.”

Premium Revenue

Premium revenue was \$8.0 billion for the second quarter of 2023, an increase of 3% compared to the second quarter of 2022. The higher premium revenue reflects increased Medicaid and Medicare membership.

Net Income

GAAP net income for the second quarter of 2023 was \$5.35 per diluted share, an increase of 26% compared to the second quarter of 2022. Adjusted net income for the second quarter of 2023 was \$5.65 per diluted share, an increase of 24% compared to the second quarter of 2022.

Medical Care Ratio

- The consolidated MCR for the second quarter of 2023 was 87.5%, reflecting continued strong operating performance and medical cost management.
- The Medicaid MCR for the second quarter of 2023 was 88.3%, in line with the Company's expectation and long-term target range.
- The Medicare MCR for the second quarter of 2023 was 89.2%, above the Company's long-term target range, reflecting higher utilization of outpatient and professional services and higher MCRs associated with membership growth.
- The Marketplace MCR for the second quarter of 2023 was 73.7%, reflecting the Company's pricing strategy and seasonality.

General and Administrative Expense Ratio

The G&A ratio and the adjusted G&A ratio for the second quarter of 2023 were both 7.4%, reflecting new business implementation spending ahead of new contract wins commencing in July 2023 and next year.

Balance Sheet

Cash and investments at the parent company were \$482 million as of June 30, 2023, compared to \$375 million as of December 31, 2022.

Days in claims payable at June 30, 2023, was 47.

Cash Flow

Operating cash flow for the six months ended June 30, 2023, was \$1,403 million, compared to \$731 million for the six months ended June 30, 2022. The increase compared to the prior year was primarily due to the net impact of timing differences in government receivables and payables, and the growth in operations.

2023 Guidance

The Company increased its full year 2023 adjusted earnings per share guidance to at least \$20.75, compared to the previous guidance of at least \$20.25 per diluted share. The increase to earnings guidance reflects second quarter operating and investment income performance above the Company's expectations and higher expected investment income in the second half of the year, partially offset by some continued conservatism.

See the Reconciliation of Unaudited Non-GAAP Financial Measures at the end of this release.

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Conference Call

Management will host a conference call and webcast to discuss Molina Healthcare's second quarter 2023 results at 8:00 a.m. Eastern Time on Thursday, July 27, 2023. The number to call for the interactive teleconference is (877) 883-0383 and the confirmation number is 0165438. A telephonic replay of the conference call will be available through Thursday, August 3, 2023, by dialing (877) 344-7529 and entering confirmation number 6917541. A live audio broadcast of this conference call will be available on Molina Healthcare's website, [molinahealthcare.com](https://www.molinahealthcare.com). A 30-day online replay will be available approximately an hour following the conclusion of the live broadcast.

About Molina Healthcare

Molina Healthcare, Inc., a FORTUNE 500 company (currently ranked 126), provides managed healthcare services under the Medicaid and Medicare programs and through the state insurance marketplaces. Molina Healthcare served approximately 5.2 million members as of June 30, 2023, located across 19 states. For more information about Molina Healthcare, please visit [molinahealthcare.com](https://www.molinahealthcare.com).

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This earnings release and the Company's accompanying oral remarks contain forward-looking statements regarding its 2023 guidance, Medicaid redeterminations, and future revenue growth. Actual results could differ materially due to numerous known and unknown risks and uncertainties. These risks and uncertainties are discussed under the headings "Forward-Looking Statements," and "Risk Factors," in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, which is on file with the U.S. Securities and Exchange Commission (the "SEC"), and also in its Quarterly Report on Form 10-Q for the period ended June 30, 2023, which the Company expects to file on or about July 27, 2023.

These reports can be accessed under the investor relations tab of the Company's website or on the SEC's website at [sec.gov](https://www.sec.gov). Given these risks and uncertainties, the Company can give no assurances that its forward-looking statements will prove to be accurate, or that any other results or developments projected or contemplated by its forward-looking statements will in fact occur, and the Company cautions investors not to place undue reliance on these statements. All forward-looking statements in this release represent the Company's judgment as of July 26, 2023, and, except as otherwise required by law, the Company disclaims any obligation to update any forward-looking statement to conform the statement to actual results or changes in its expectations.

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MOLINA HEALTHCARE, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|----------------|------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>(In millions, except per-share amounts)</i> | | | | |
| Revenue: | | | | |
| Premium revenue | \$ 8,042 | \$ 7,799 | \$ 15,927 | \$ 15,330 |
| Premium tax revenue | 169 | 215 | 341 | 423 |
| Investment income | 97 | 22 | 168 | 33 |
| Other revenue | 19 | 18 | 40 | 38 |
| Total revenue | <u>8,327</u> | <u>8,054</u> | <u>16,476</u> | <u>15,824</u> |
| Operating expenses: | | | | |
| Medical care costs | 7,038 | 6,872 | 13,909 | 13,435 |
| General and administrative expenses | 618 | 551 | 1,209 | 1,122 |
| Premium tax expenses | 169 | 215 | 341 | 423 |
| Depreciation and amortization | 42 | 44 | 86 | 84 |
| Other | 17 | 11 | 33 | 27 |
| Total operating expenses | <u>7,884</u> | <u>7,693</u> | <u>15,578</u> | <u>15,091</u> |
| Operating income | <u>443</u> | <u>361</u> | <u>898</u> | <u>733</u> |
| Other expenses, net: | | | | |
| Interest expense | 27 | 27 | 55 | 55 |
| Total other expenses, net | <u>27</u> | <u>27</u> | <u>55</u> | <u>55</u> |
| Income before income tax expense | 416 | 334 | 843 | 678 |
| Income tax expense | 107 | 86 | 213 | 172 |
| Net income | <u>\$ 309</u> | <u>\$ 248</u> | <u>\$ 630</u> | <u>\$ 506</u> |
| Net income per share – Diluted | <u>\$ 5.35</u> | <u>\$ 4.25</u> | <u>\$ 10.87</u> | <u>\$ 8.63</u> |
| Diluted weighted average shares outstanding | <u>57.9</u> | <u>58.4</u> | <u>58.0</u> | <u>58.6</u> |

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**MOLINA HEALTHCARE, INC.
CONSOLIDATED BALANCE SHEETS**

| | June 30, 2023 | December 31, 2022 |
|---|--|------------------------------|
| | Unaudited | |
| | <i>(Dollars in millions, except per-share amounts)</i> | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,910 | \$ 4,006 |
| Investments | 3,886 | 3,499 |
| Receivables | 2,385 | 2,302 |
| Prepaid expenses and other current assets | 260 | 277 |
| Total current assets | 11,441 | 10,084 |
| Property, equipment, and capitalized software, net | 285 | 259 |
| Goodwill and intangible assets, net | 1,348 | 1,390 |
| Restricted investments | 249 | 238 |
| Deferred income taxes | 220 | 220 |
| Other assets | 118 | 123 |
| Total assets | \$ 13,661 | \$ 12,314 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Medical claims and benefits payable | \$ 3,677 | \$ 3,528 |
| Amounts due government agencies | 2,589 | 2,079 |
| Accounts payable, accrued liabilities and other | 857 | 889 |
| Deferred revenue | 414 | 359 |
| Total current liabilities | 7,537 | 6,855 |
| Long-term debt | 2,178 | 2,176 |
| Finance lease liabilities | 203 | 215 |
| Other long-term liabilities | 122 | 104 |
| Total liabilities | 10,040 | 9,350 |
| Stockholders' equity: | | |
| Common stock, \$0.001 par value, 150 million shares authorized; outstanding: 58 million shares at each of June 30, 2023 and December 31, 2022 | — | — |
| Preferred stock, \$0.001 par value; 20 million shares authorized, no shares issued and outstanding | — | — |
| Additional paid-in capital | 341 | 328 |
| Accumulated other comprehensive loss | (146) | (160) |
| Retained earnings | 3,426 | 2,796 |
| Total stockholders' equity | 3,621 | 2,964 |
| Total liabilities and stockholders' equity | \$ 13,661 | \$ 12,314 |

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MOLINA HEALTHCARE, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Six Months Ended June 30, | |
|---|------------------------------|-----------------|
| | 2023 | 2022 |
| | <i>(In millions)</i> | |
| Operating activities: | | |
| Net income | \$ 630 | \$ 506 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 86 | 84 |
| Deferred income taxes | (4) | 3 |
| Share-based compensation | 55 | 57 |
| Other, net | 5 | (6) |
| Changes in operating assets and liabilities: | | |
| Receivables | (83) | (43) |
| Prepaid expenses and other current assets | 6 | (64) |
| Medical claims and benefits payable | 149 | 405 |
| Amounts due government agencies | 510 | 247 |
| Accounts payable, accrued liabilities and other | (208) | (147) |
| Deferred revenue | 55 | (357) |
| Income taxes | 202 | 46 |
| Net cash provided by operating activities | <u>1,403</u> | <u>731</u> |
| Investing activities: | | |
| Purchases of investments | (924) | (1,413) |
| Proceeds from sales and maturities of investments | 546 | 879 |
| Purchases of property, equipment, and capitalized software | (63) | (50) |
| Other, net | 2 | (7) |
| Net cash used in investing activities | <u>(439)</u> | <u>(591)</u> |
| Financing activities: | | |
| Common stock withheld to settle employee tax obligations | (59) | (53) |
| Common stock purchases | — | (200) |
| Contingent consideration liabilities settled | — | (20) |
| Other, net | 4 | 5 |
| Net cash used in financing activities | <u>(55)</u> | <u>(268)</u> |
| Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents | 909 | (128) |
| Cash, cash equivalents, and restricted cash and cash equivalents at beginning of period | 4,048 | 4,506 |
| Cash, cash equivalents, and restricted cash and cash equivalents at end of period | <u>\$ 4,957</u> | <u>\$ 4,378</u> |

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MOLINA HEALTHCARE, INC.
UNAUDITED SEGMENT DATA
(Dollars in millions)

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--------------------------------------|------------------|----------------------|------------------|
| Ending Membership by Segment: | | | |
| Medicaid | 4,741,000 | 4,754,000 | 4,610,000 |
| Medicare | 166,000 | 156,000 | 151,000 |
| Marketplace | 269,000 | 348,000 | 357,000 |
| Total | <u>5,176,000</u> | <u>5,258,000</u> | <u>5,118,000</u> |

Three Months Ended June 30,

| | 2023 | | | 2022 | | |
|--------------|-----------------|-----------------|--------------------|-----------------|----------------|--------------------|
| | Premium Revenue | Medical Margin | MCR ⁽¹⁾ | Premium Revenue | Medical Margin | MCR ⁽¹⁾ |
| Medicaid | \$ 6,485 | \$ 756 | 88.3 % | \$ 6,301 | \$ 755 | 88.0 % |
| Medicare | 1,044 | 113 | 89.2 | 957 | 124 | 86.9 |
| Marketplace | 513 | 135 | 73.7 | 541 | 48 | 91.2 |
| Consolidated | <u>\$ 8,042</u> | <u>\$ 1,004</u> | 87.5 % | <u>\$ 7,799</u> | <u>\$ 927</u> | 88.1 % |

Six Months Ended June 30,

| | 2023 | | | 2022 | | |
|--------------|------------------|-----------------|--------------------|------------------|-----------------|--------------------|
| | Premium Revenue | Medical Margin | MCR ⁽¹⁾ | Premium Revenue | Medical Margin | MCR ⁽¹⁾ |
| Medicaid | \$ 12,834 | \$ 1,490 | 88.4 % | \$ 12,281 | \$ 1,465 | 88.1 % |
| Medicare | 2,090 | 239 | 88.6 | 1,900 | 252 | 86.7 |
| Marketplace | 1,003 | 289 | 71.2 | 1,149 | 178 | 84.5 |
| Consolidated | <u>\$ 15,927</u> | <u>\$ 2,018</u> | 87.3 % | <u>\$ 15,330</u> | <u>\$ 1,895</u> | 87.6 % |

(1) The MCR represents medical costs as a percentage of premium revenue.

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MOLINA HEALTHCARE, INC.
CHANGE IN MEDICAL CLAIMS AND BENEFITS PAYABLE
(Dollars in millions)

The Company's claims liabilities include additional reserves to account for moderately adverse conditions based on historical experience and other factors including, but not limited to, variations in claims payment patterns, changes in utilization and cost trends, known outbreaks of disease, and large claims. The Company's reserving methodology is consistently applied across all periods presented. The amounts displayed for "Components of medical care costs related to: Prior year" represent the amounts by which the original estimates of claims and benefits payable at the beginning of the year were more than the actual liabilities based on information (principally the payment of claims) developed since those liabilities were first reported. The following table presents the components of the change in medical claims and benefits payable for the periods indicated:

| | Six Months Ended | |
|--|------------------|----------|
| | June 30, | |
| | 2023 | 2022 |
| | Unaudited | |
| Medical claims and benefits payable, beginning balance | \$ 3,528 | \$ 3,363 |
| Components of medical care costs related to: | | |
| Current year | 14,180 | 13,746 |
| Prior year | (271) | (311) |
| Total medical care costs | 13,909 | 13,435 |
| Payments for medical care costs related to: | | |
| Current year | 11,166 | 10,622 |
| Prior year | 2,650 | 2,411 |
| Total paid | 13,816 | 13,033 |
| Acquired balances, net of post-acquisition adjustments | — | 7 |
| Change in non-risk and other provider payables | 56 | 3 |
| Medical claims and benefits payable, ending balance | \$ 3,677 | \$ 3,775 |
| Days in Claims Payable ⁽¹⁾ | 47 | 50 |

(1) The Company calculates Days in Claims Payable using claims incurred but not paid, or IBNP, and other fee-for-service payables included in medical claims and benefits payable, and quarterly fee-for-service related costs included in medical care costs within the Company's consolidated financial statements.

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MOLINA HEALTHCARE, INC.
RECONCILIATION OF UNAUDITED NON-GAAP FINANCIAL MEASURES
(In millions, except per diluted share amounts)

The Company believes that certain non-GAAP (generally accepted accounting principles) financial measures are useful supplemental measures to investors in comparing the Company's performance to the performance of other public companies in the health care industry. The non-GAAP financial measures are also used internally to enable management to assess the Company's performance consistently over time. These non-GAAP financial measures, presented below, should be considered as supplements to, and not as substitutes for or superior to, GAAP measures.

Adjustments represent additions and deductions to GAAP net income as indicated in the table below, which include the non-cash impact of amortization of acquired intangible assets, acquisition-related expenses, and the impact of certain expenses and other items that management believes are not indicative of longer-term business trends and operations.

Adjusted G&A Ratio represents the GAAP G&A ratio, recognizing adjustments.

Adjusted net income represents GAAP net income recognizing the adjustments, net of tax. The Company believes that adjusted net income is helpful to investors in assessing the Company's financial performance.

Adjusted net income per diluted share represents adjusted net income divided by weighted average common shares outstanding on a fully diluted basis.

Adjusted after-tax margin represents adjusted net income, divided by total revenue.

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|-----------------------------|-------------------|---------------|-------------------|---------------------------|-------------------|---------------|-------------------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount | Per Diluted Share | Amount | Per Diluted Share | Amount | Per Diluted Share | Amount | Per Diluted Share |
| GAAP Net income | \$ 309 | \$ 5.35 | \$ 248 | \$ 4.25 | \$ 630 | \$ 10.87 | \$ 506 | \$ 8.63 |
| Adjustments: | | | | | | | | |
| Amortization of intangible assets | \$ 22 | \$ 0.36 | \$ 19 | \$ 0.33 | \$ 43 | \$ 0.73 | \$ 37 | \$ 0.63 |
| Acquisition-related expenses ⁽¹⁾ | 2 | 0.03 | 7 | 0.11 | 2 | 0.03 | 26 | 0.45 |
| Other ⁽²⁾ | — | — | (3) | (0.04) | — | — | — | — |
| Subtotal, adjustments | 24 | 0.39 | 23 | 0.40 | 45 | 0.76 | 63 | 1.08 |
| Income tax effect | (6) | (0.09) | (5) | (0.10) | (11) | (0.18) | (15) | (0.26) |
| Adjustments, net of tax | 18 | 0.30 | 18 | 0.30 | 34 | 0.58 | 48 | 0.82 |
| Adjusted net income | <u>\$ 327</u> | <u>\$ 5.65</u> | <u>\$ 266</u> | <u>\$ 4.55</u> | <u>\$ 664</u> | <u>\$ 11.45</u> | <u>\$ 554</u> | <u>\$ 9.45</u> |

(1) Reflects non-recurring costs associated with acquisitions, including various transaction and certain integration costs.

(2) The first half of 2022 includes certain non-recurring costs associated with gain on lease termination and disposal of fixed assets.

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MOLINA HEALTHCARE, INC.
RECONCILIATION OF UNAUDITED NON-GAAP FINANCIAL MEASURES (CONTINUED)
2023 GUIDANCE

| | Amount | Per Diluted Share ⁽²⁾ |
|-----------------------------------|----------|----------------------------------|
| GAAP Net income | \$ 1,137 | \$ 19.51 |
| Adjustments: | | |
| Amortization of intangible assets | 87 | 1.50 |
| Acquisition-related expenses | 3 | 0.05 |
| Subtotal, adjustments | 90 | 1.55 |
| Income tax effect ⁽¹⁾ | (21) | (0.31) |
| Adjustments, net of tax | 69 | 1.24 |
| Adjusted net income | \$ 1,206 | \$ 20.75 |

(1) Income tax effect calculated at the statutory tax rate of approximately 25.3%.

(2) Computations assume approximately 58.1 million diluted weighted average shares outstanding.

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