



Your Extended Family.

2015A Investor Day

February 12, 2015 / New York, New York

Cautionary Statement



Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This slide presentation and our accompanying oral remarks contain numerous “forward-looking statements” regarding, without limitation: our future business plans; the expected start dates of our Medicare-Medicaid Plan (MMP) implementations; our expansion plans in Florida; our expansion plans and expected operational start date in Puerto Rico; our Marketplace plans’ growth and operations; the Affordable Care Act annual health industry fee and its expected reimbursement by states, including any tax impact; and various other matters. All of our forward-looking statements are subject to numerous risks, uncertainties, and other factors that could cause our actual results to differ materially. Anyone viewing or listening to this presentation is urged to read the risk factors and cautionary statements found under Item 1A in our annual report on Form 10-K, as well as the risk factors and cautionary statements in our quarterly reports and in our other reports and filings with the Securities and Exchange Commission and available for viewing on its website at www.sec.gov. Except to the extent otherwise required by federal securities laws, we do not undertake to address or update forward-looking statements in future filings or communications regarding our business or operating results.

Investor day 2015A



Agenda

Approx. Time	Topic	Speaker
12:30pm-12:35pm	Opening Remarks	Juan José Orellana, SVP Investor Relations
12:35pm-1:20pm	Business Overview	J. Mario Molina, MD, Chief Executive Officer; Terry Bayer, Chief Operating Officer
1:20pm-1:35pm	Q&A	
1:35pm-1:40pm	Break	
1:40pm-2:25pm	2015 Outlook	John Molina, Chief Financial Officer; Joseph White, Chief Accounting Officer
2:25pm-3:10pm	Long Term Financial Overview	John Molina, Chief Financial Officer; Joseph White, Chief Accounting Officer
3:10pm-3:30pm	Q&A	
3:30pm	End of Program	



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2015A Investor Day

Business Overview

J. Mario Molina, President & Chief Executive Officer

February 12, 2015 / New York, New York

The future

We envision a future where every American has access to quality and affordable healthcare



C. David Molina, circa 1983

Our mission



To provide quality health care to people receiving government assistance



One of a kind

Flexible health services portfolio (health plans, direct delivery, MMIS)

Focused on people receiving government assistance

Scalable administrative infrastructure

Consistent national brand

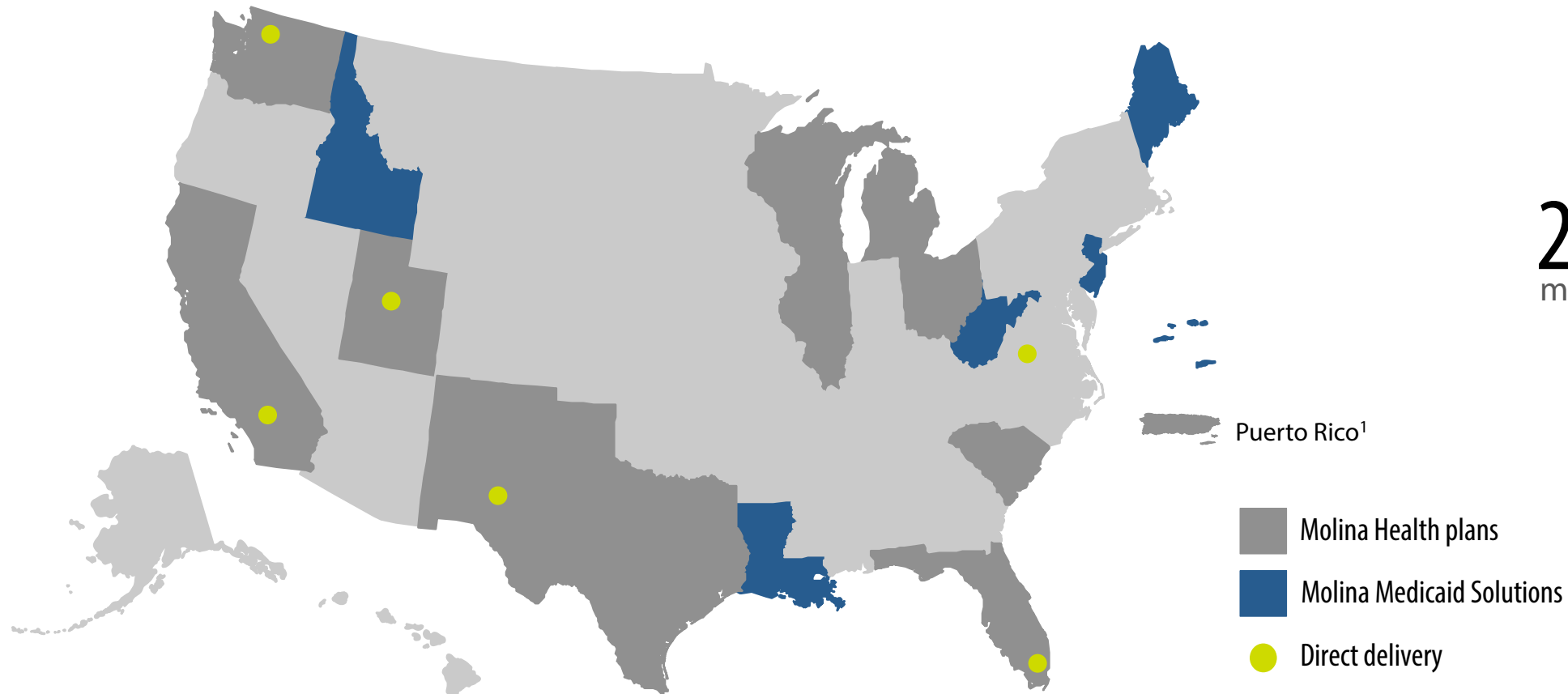
Seasoned management team

Unique culture



Presence in key Medicaid markets

Health plan footprint includes 4 of 5 largest Medicaid markets

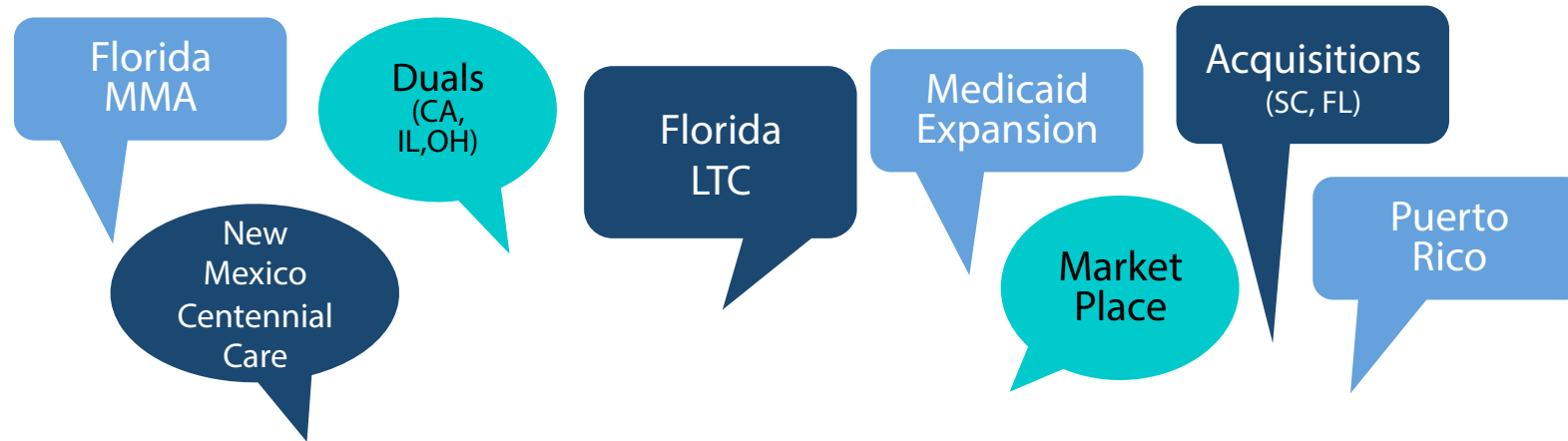


2.8M²
members

1. On December 8th, 2014 Molina was awarded a managed care contract to administer Puerto Rico's Medicaid in the East and Southwest regions. Start date is currently scheduled for April 2015.
2. Enrollment described in this column relates to effective membership on January 1, 2015 and will not be reflected in our year-end 2014 earnings release or Form 10-K annual report.

2014 was a year of great accomplishments

Last year we made major progress in expanding to new markets and integrating new programs



2014 highlights

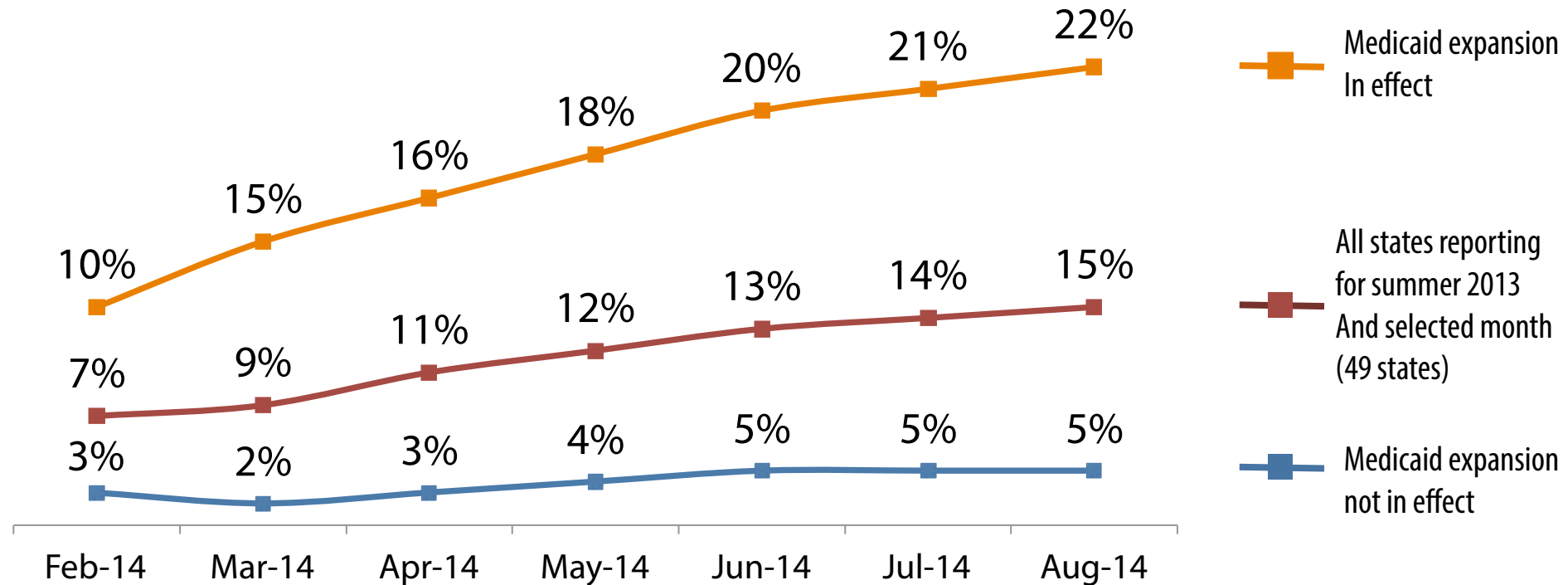
47%
revenue growth

36%
enrollment growth

7.9%
admin ratio

Medicaid growth due to Medicaid expansion

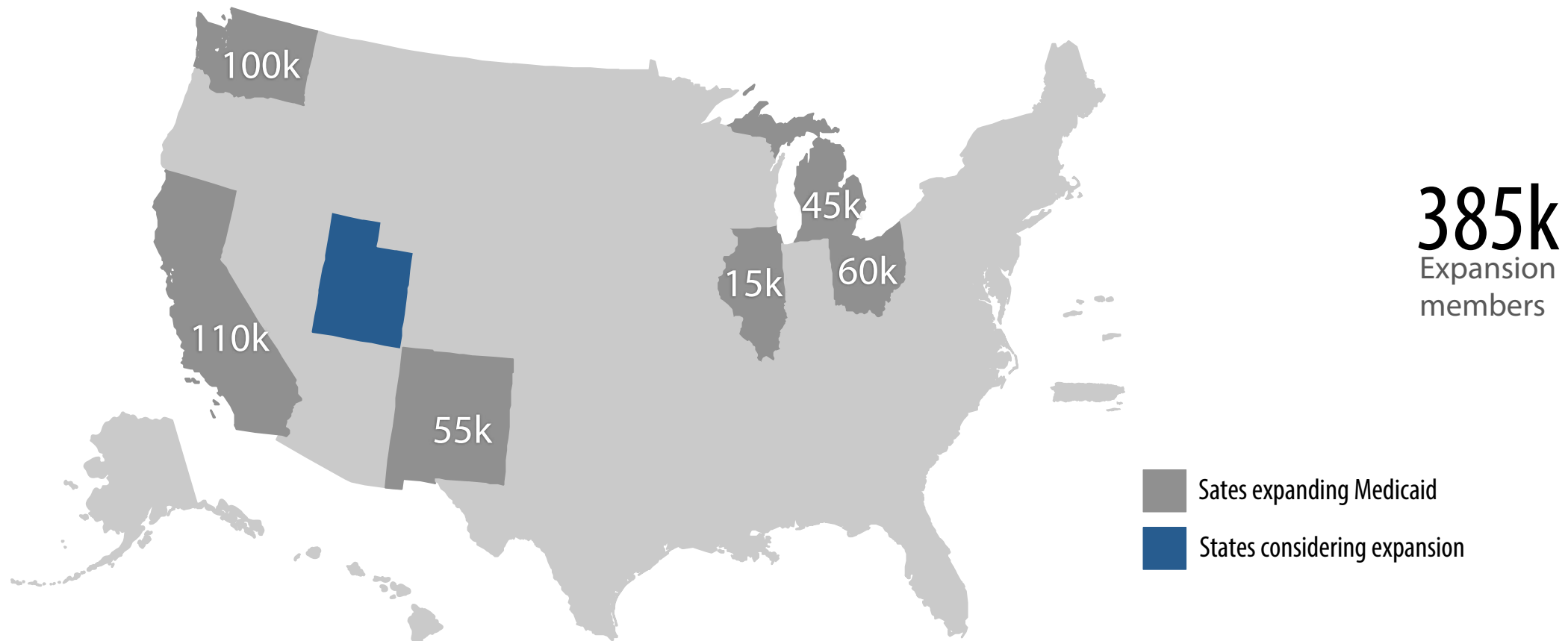
Change in total Medicaid and CHIP enrollment compared to summer 2013¹



1. The Kaiser Commission on Medicaid and the Uninsured, October 2014 Issue Brief. "Recent Trends in Medicaid and CHIP Enrollment: Analysis of CMS Performance Measure Data through August 2014"

Molina Medicaid expansion

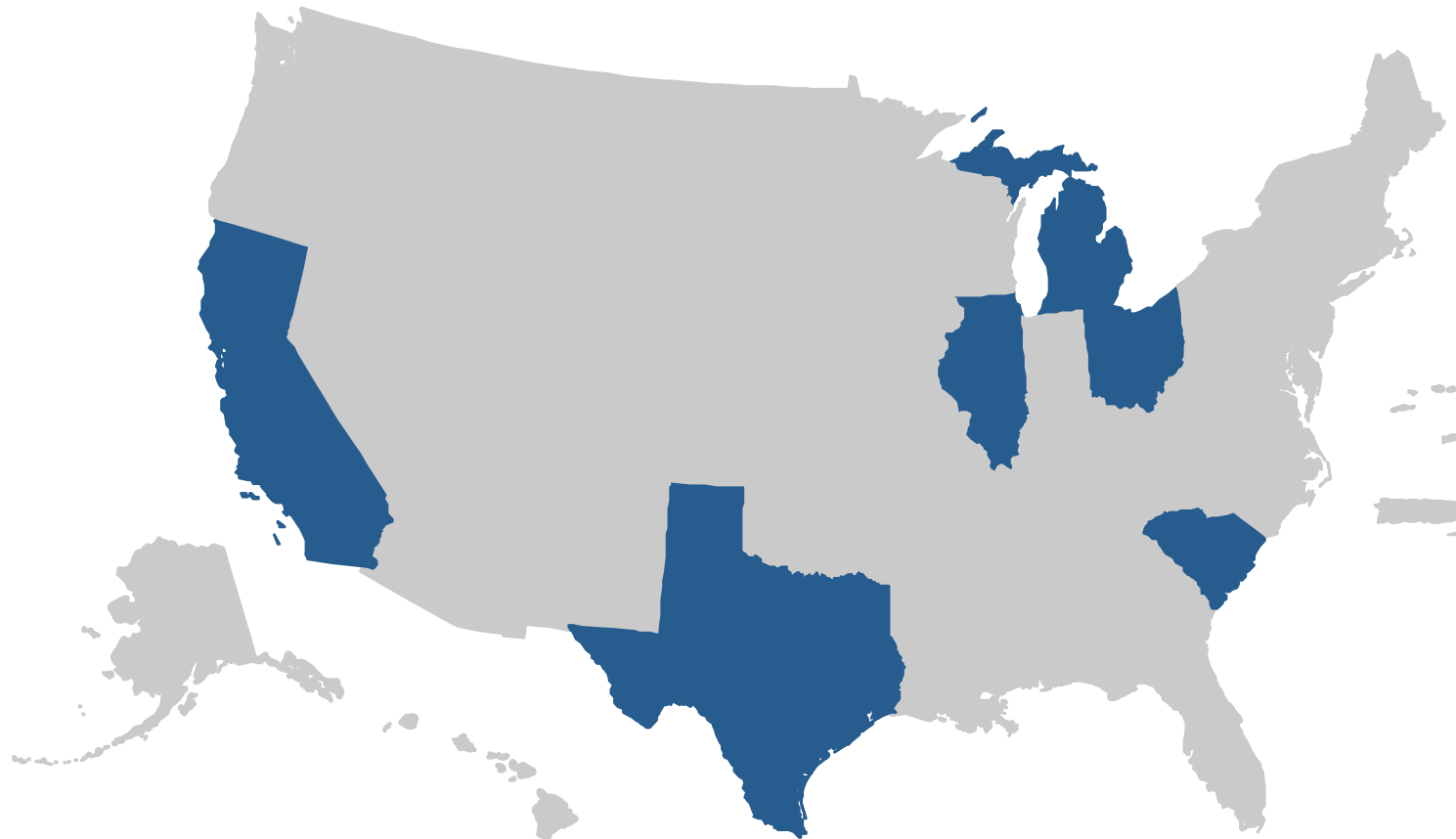
Growth to date¹



1. Enrollment as of December 31, 2014

Medicare-Medicaid Plan (MMP) implementations

Dual eligibles



Enrollment

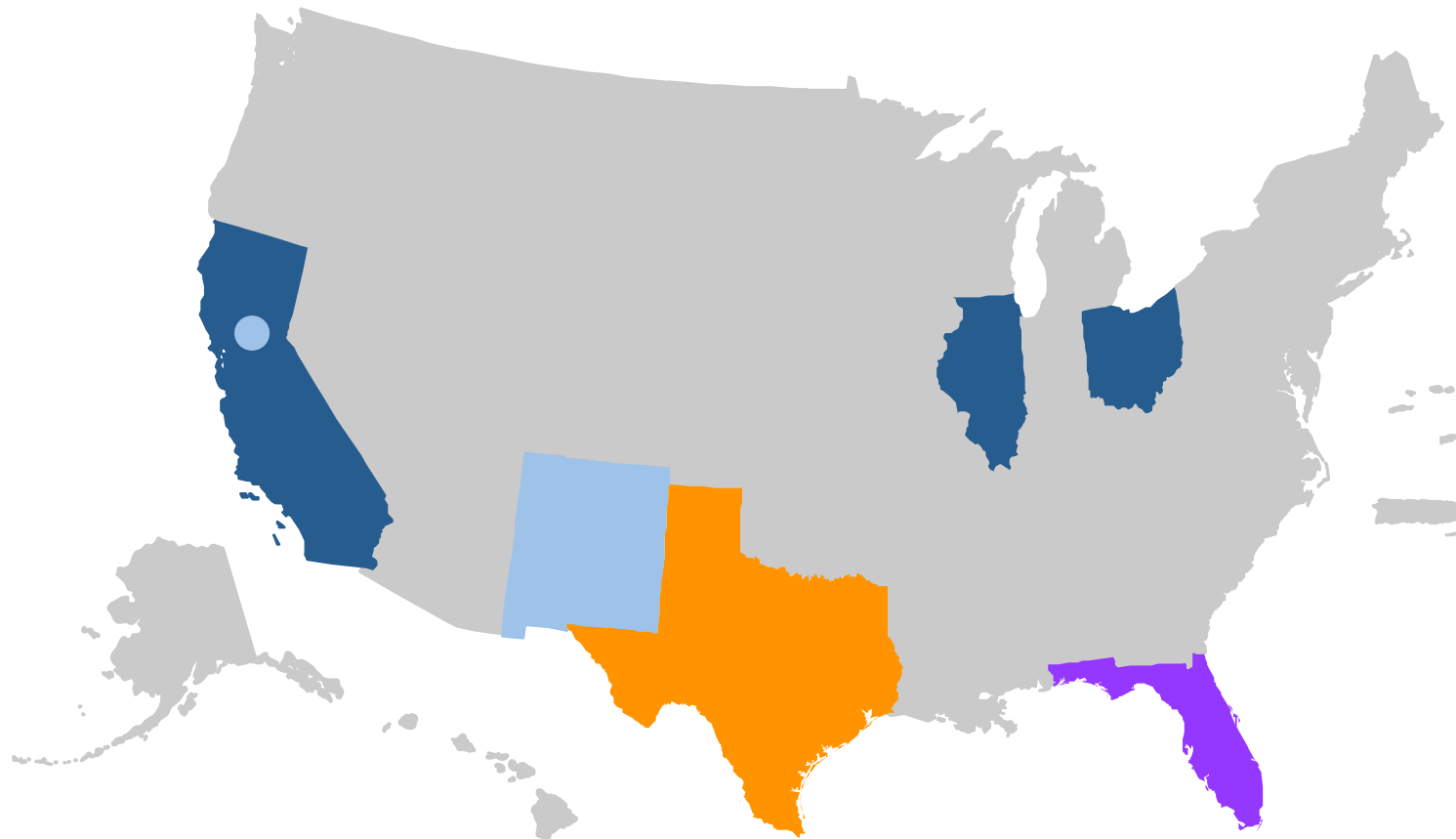
	Jan 2015 ¹
California	17K
Illinois	5K
Michigan	Go live 5/15
Ohio	12K
South Carolina	Went live 2/15
Texas	Go live 3/15
Total	35K

 Contracts awarded to Molina





1. Enrollment described in this column relates to effective membership on January 1, 2015 and will not be reflected in our year-end 2014 earnings release or Form 10-K annual report

Molina Long Term Services & Support (LTSS) footprint

As of January 2015

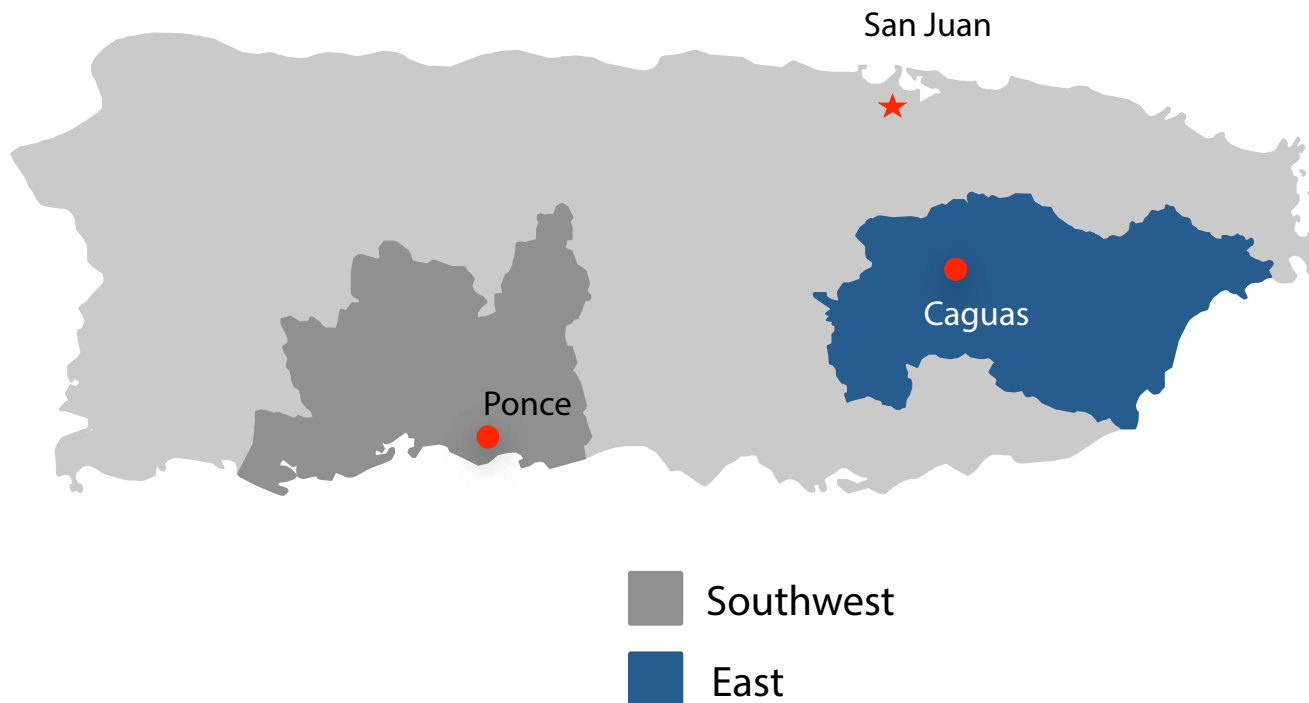


Service Areas

-  MMP demonstrations
-  LTSS "stand alone"
-  LTSS and acute care
-  Home and Community-Based Services (HCBS)

Puerto Rico contract award

One health plan awarded in each region



On December 8th, awarded a managed care contract by the Puerto Rico Health Insurance Administration for the East and Southwest regions

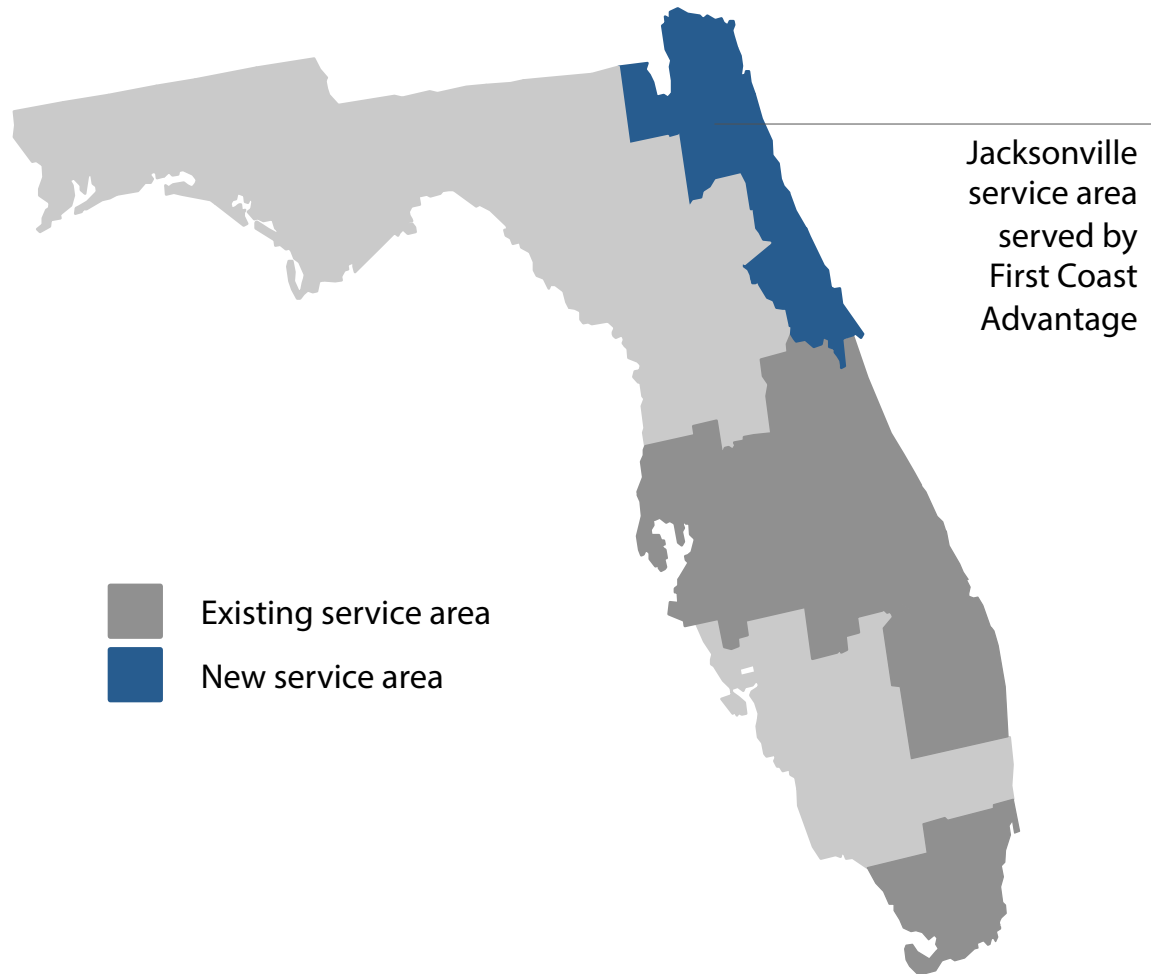
Effective date of **April 1, 2015**

350,000 new members expected

Anticipate annualized revenue of **\$750M**

Jacksonville footprint expansion

First Coast Advantage acquisition



On December 1st, Molina acquired Medicaid business assets of a Florida health plan, First Coast Advantage

Approximately 62,000 members in the Jacksonville area transferred to Molina

Members transitioned into Molina as part of the Florida Managed Medical Assistance (MMA) program

Marketplace year two




2014 pricing assumed higher medical costs and utilization compared to existing membership

2015 focused on competitive pricing in existing markets

Significant sign up activity during 2015 open enrollment

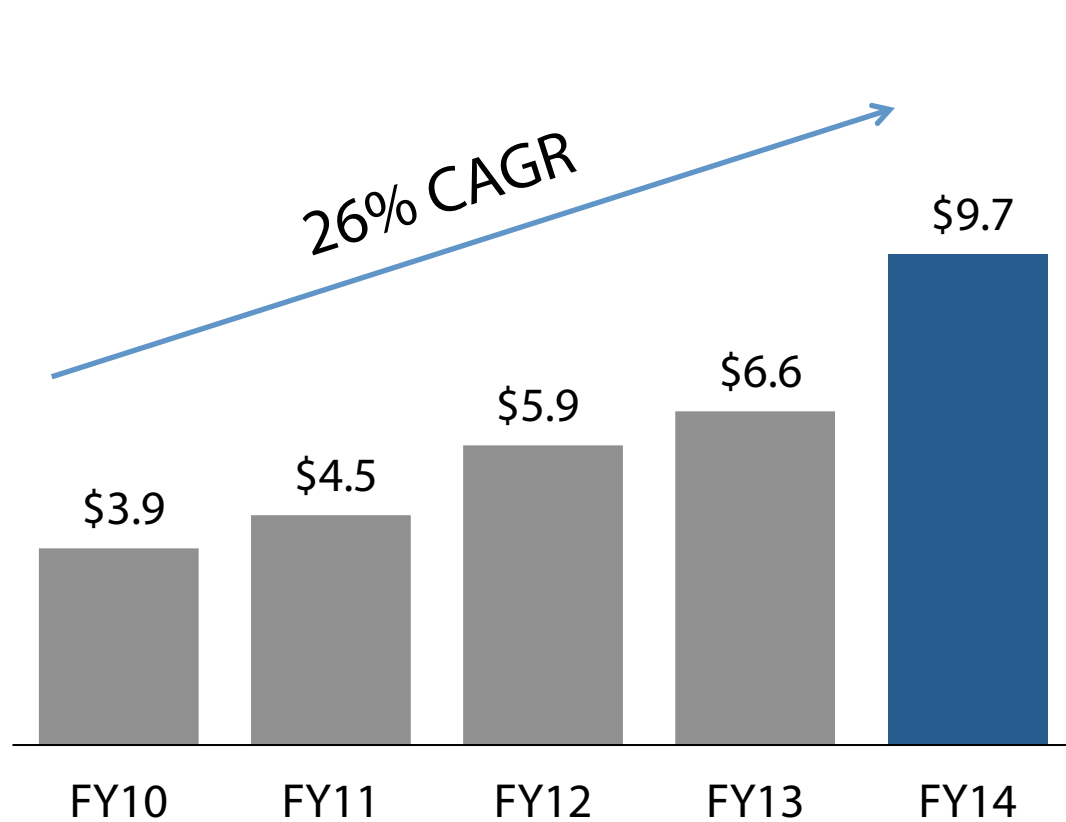
Managing our growth

2013 INCUBATE	2014 TRANSITION & GROW	2015 DEVELOP & GROW	2016+ FORTIFY
			
<ul style="list-style-type: none"> ▪ Acquire new business ▪ Design systems ▪ Test readiness ▪ Invest in infrastructure ▪ New business: SC, Duals, Marketplace, Medicaid Expansion, NM & FL re-procurements, WI Medicare 	<ul style="list-style-type: none"> ▪ Transition members into model of care ▪ Address pent-up demand ▪ Adjust premiums ▪ Process transition issues ▪ Begin leveraging infrastructure ▪ Invest to prepare for 2015 revenue 	<ul style="list-style-type: none"> ▪ Transition members into model of care ▪ Address pent-up demand ▪ Adjust premiums ▪ Improve systems ▪ Ensure equitable rates ▪ Leverage administrative costs 	<ul style="list-style-type: none"> ▪ Improve model of care ▪ Enhance systems ▪ Improve margins

Growth story

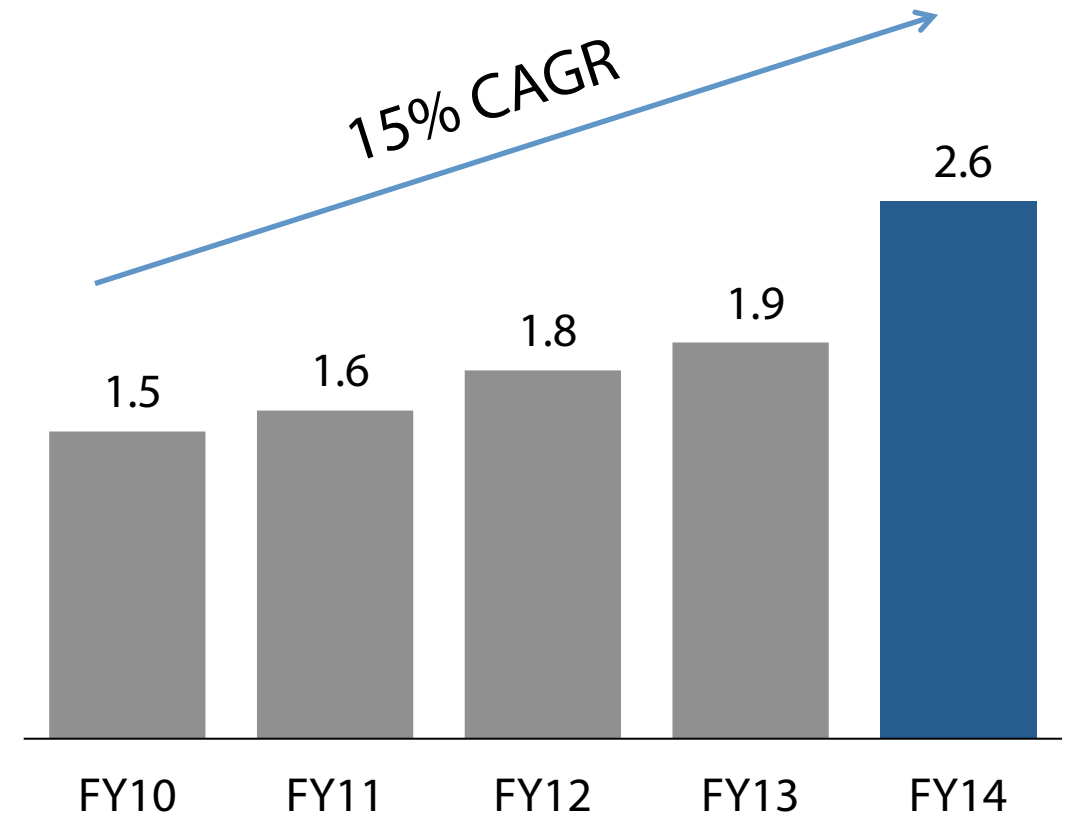
Revenue growth

\$ Billions



Enrollment growth

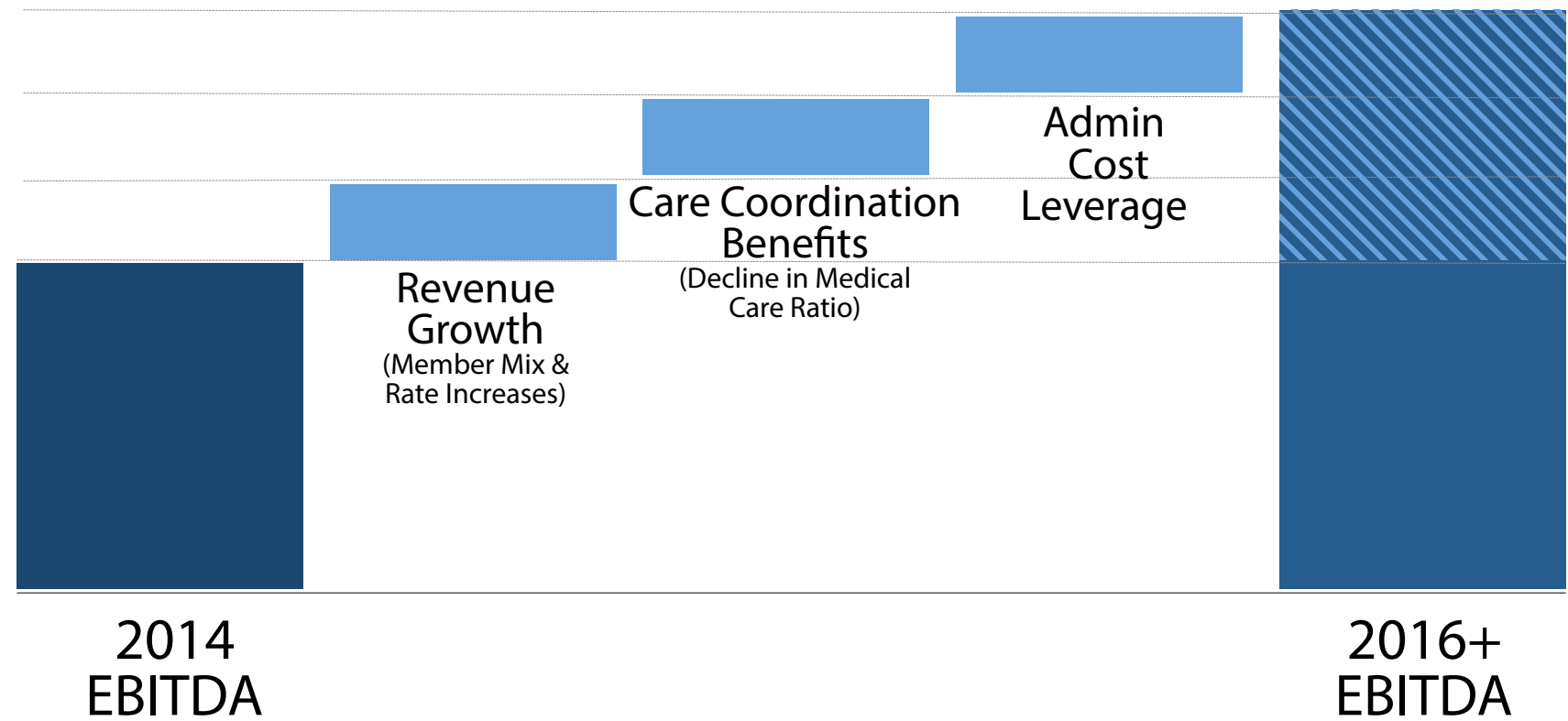
Millions



EBITDA evolution

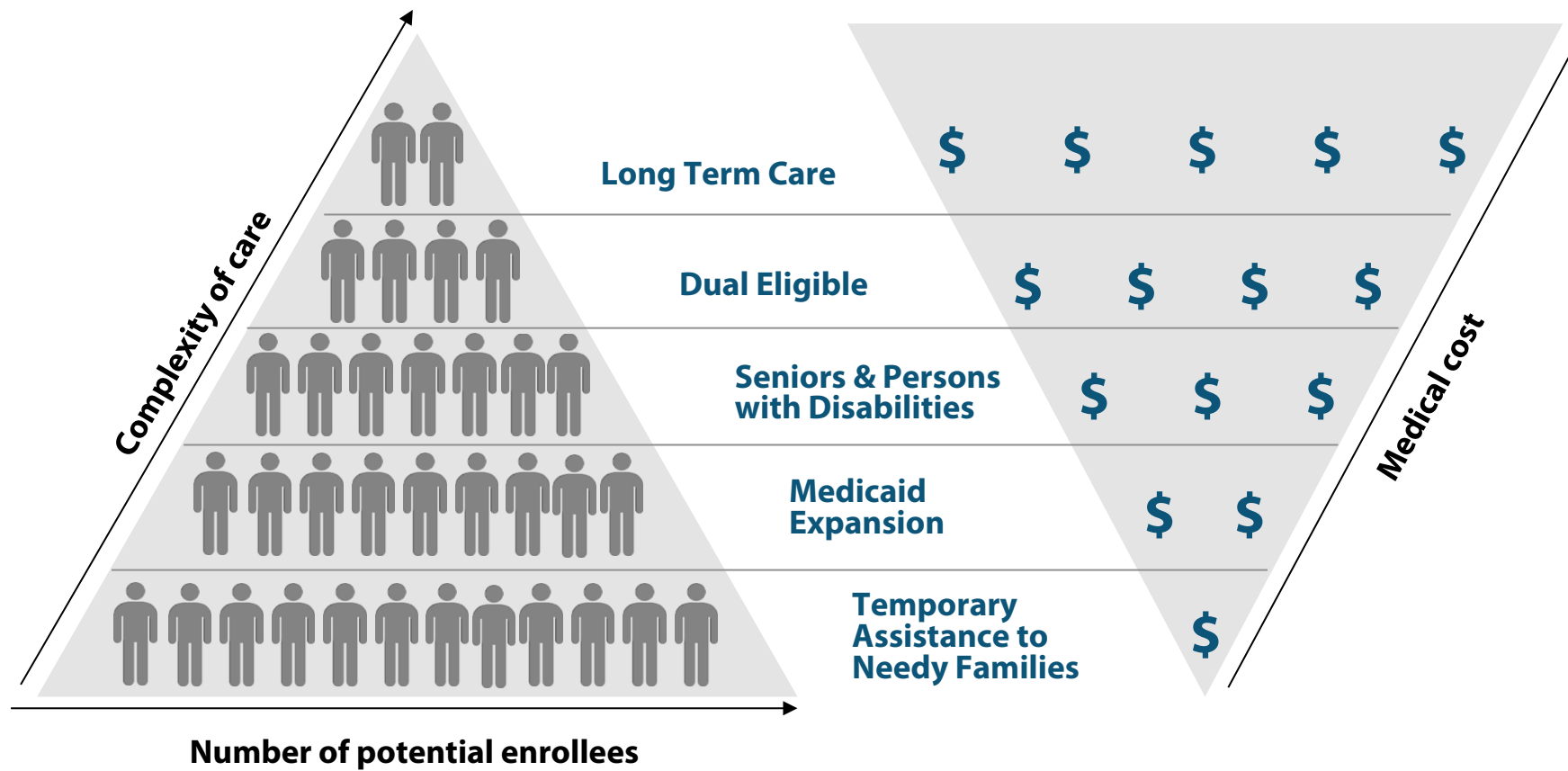
Illustrative; not drawn to scale

Please refer to the Company’s cautionary statement



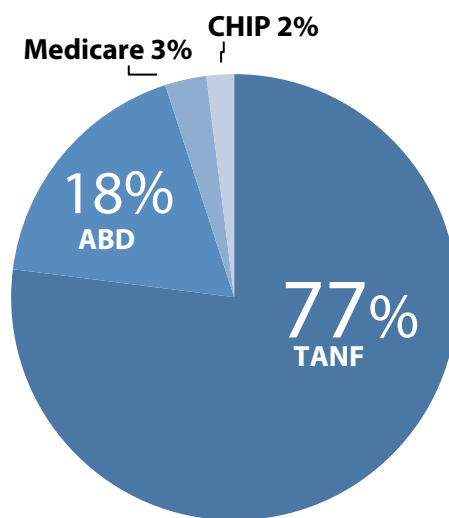
Government program segmentation

Increasing complexity

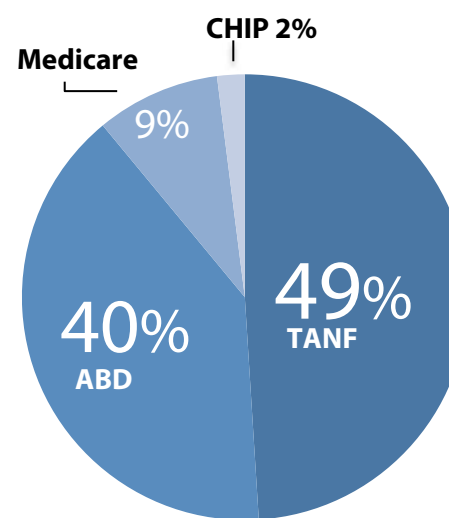


Change in patient mix

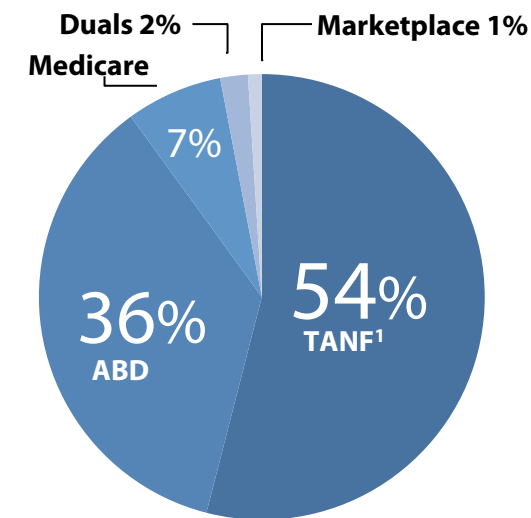
Revenue by product



2008A



2013A



2014A

Premium Revenue \$3.1B

\$6.2B

\$9.0B

Blended Revenue PMPM \$211

\$274

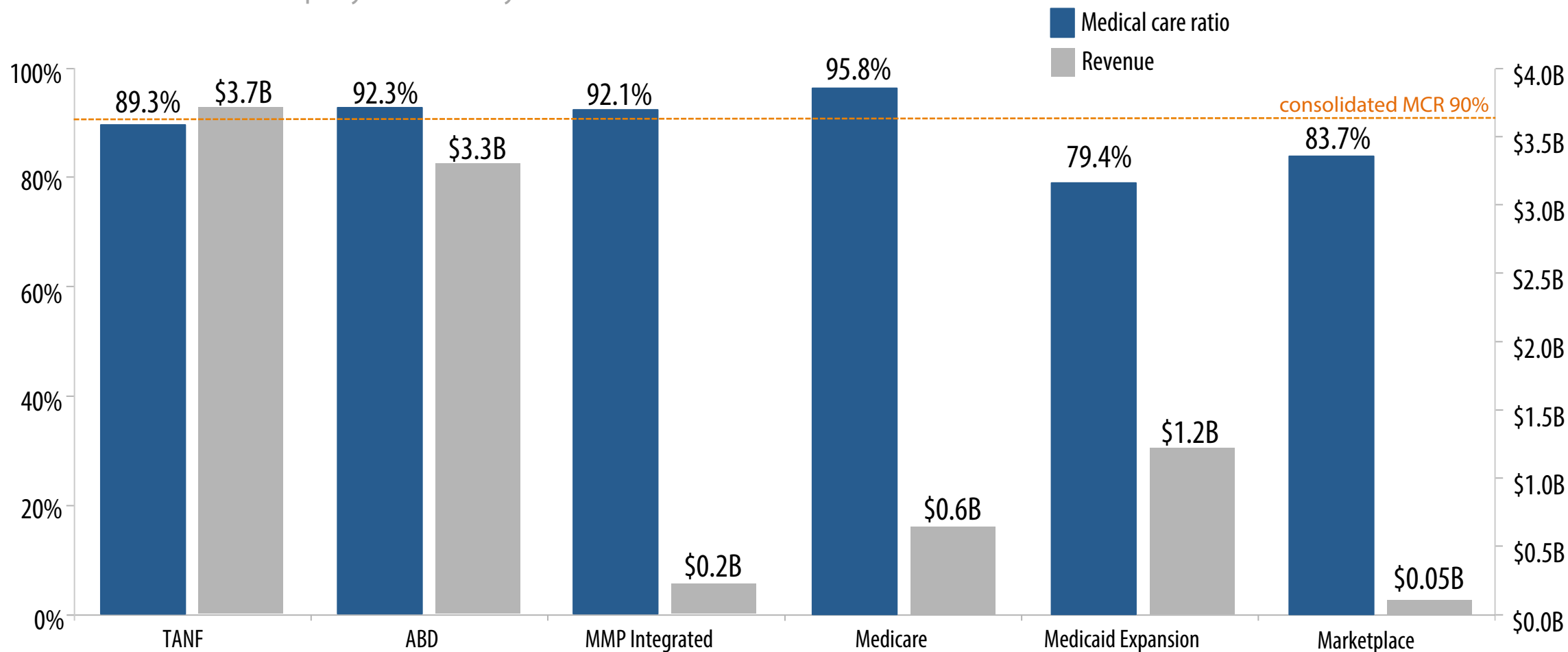
\$323

1. TANF includes Medicaid Expansion and CHIP in 2014

2014 Medical care ratio and revenue

By line of business

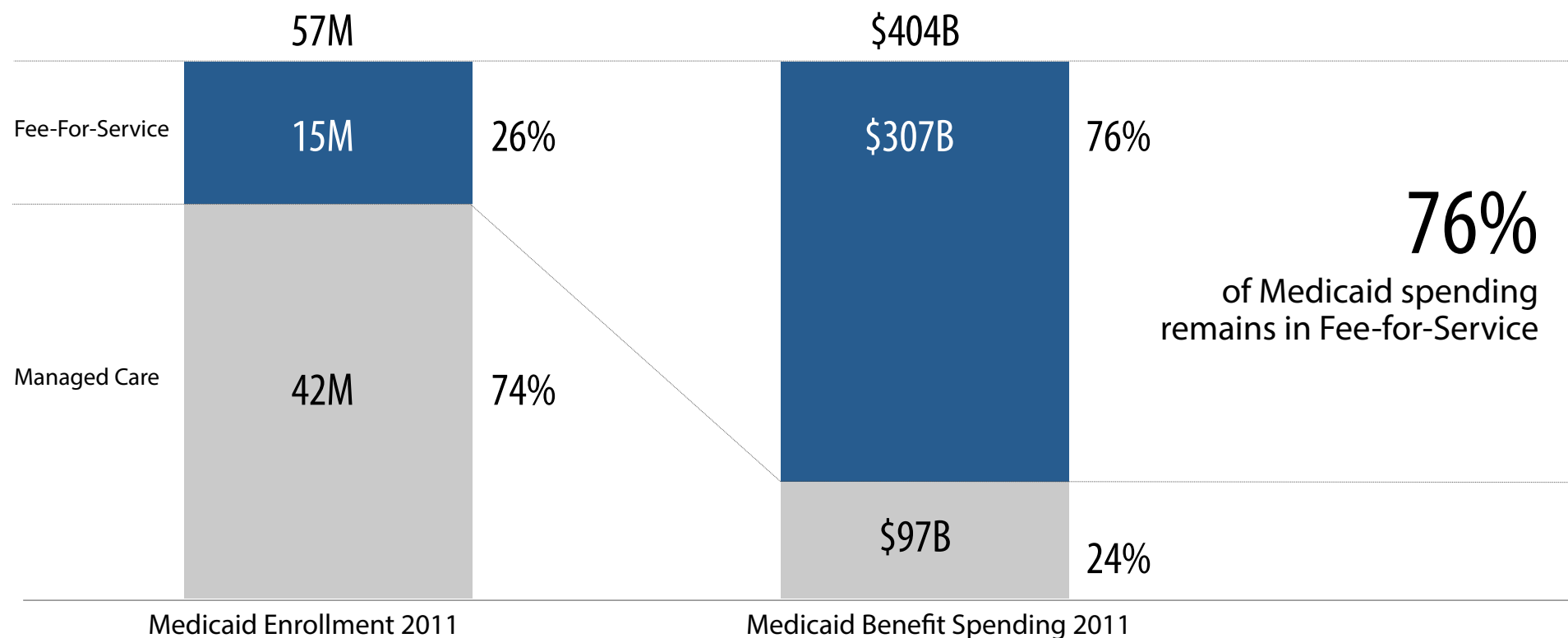
Please refer to the Company's cautionary statement



Medicaid enrollment spending

Managed care organizations and fee for service FY 2011

Please refer to the Company's cautionary statement

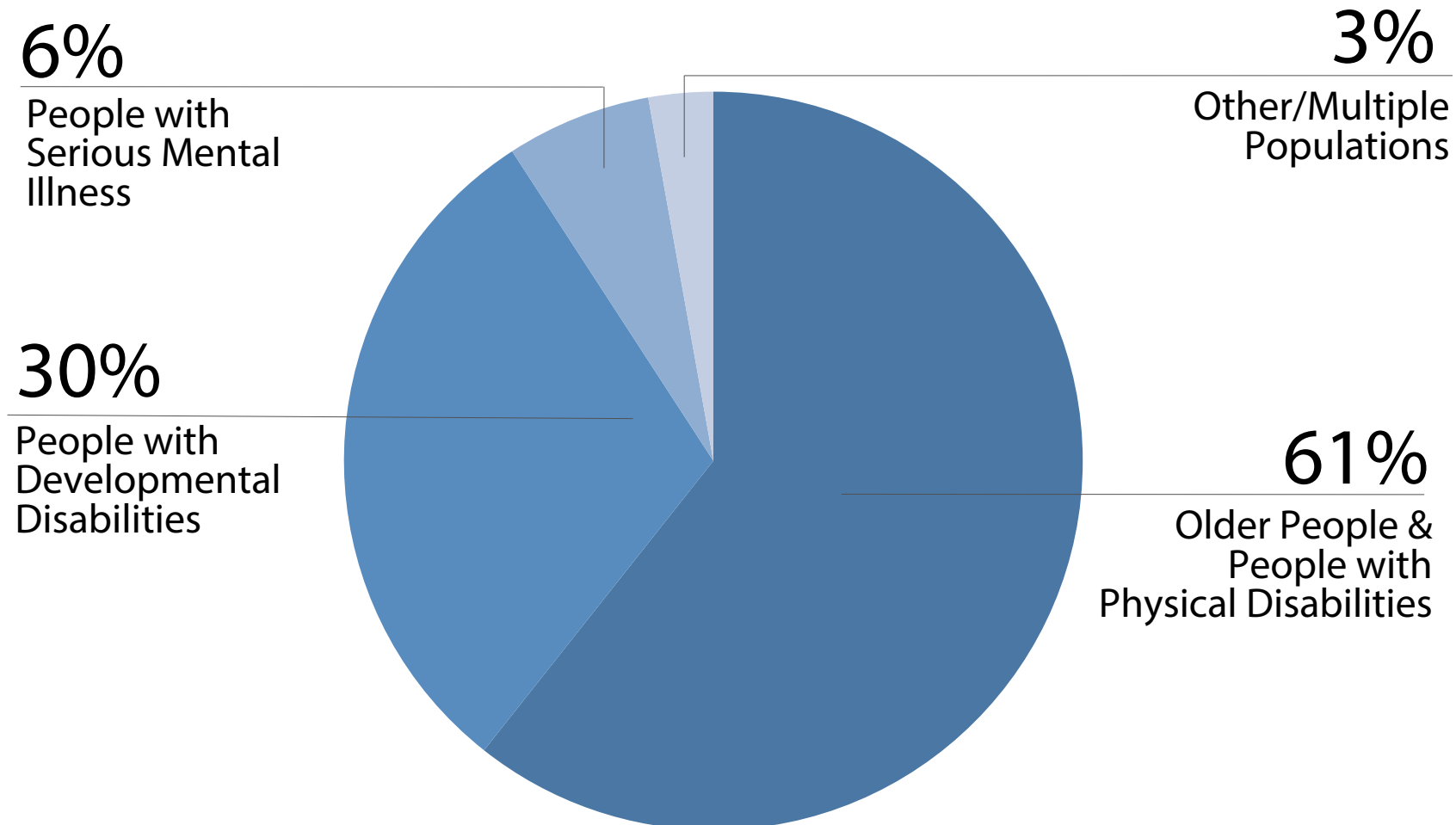


Sources:

1. Medicaid and CHIP Payment and Access Commission; Report to the Congress on Medicaid and CHIP; June 2014
2. CMS Medicaid Managed Care Enrollment Report, Summary Statistics as of July 1, 2011; June 1, 2012

Medicaid Long Term Services and Supports (LTSS)

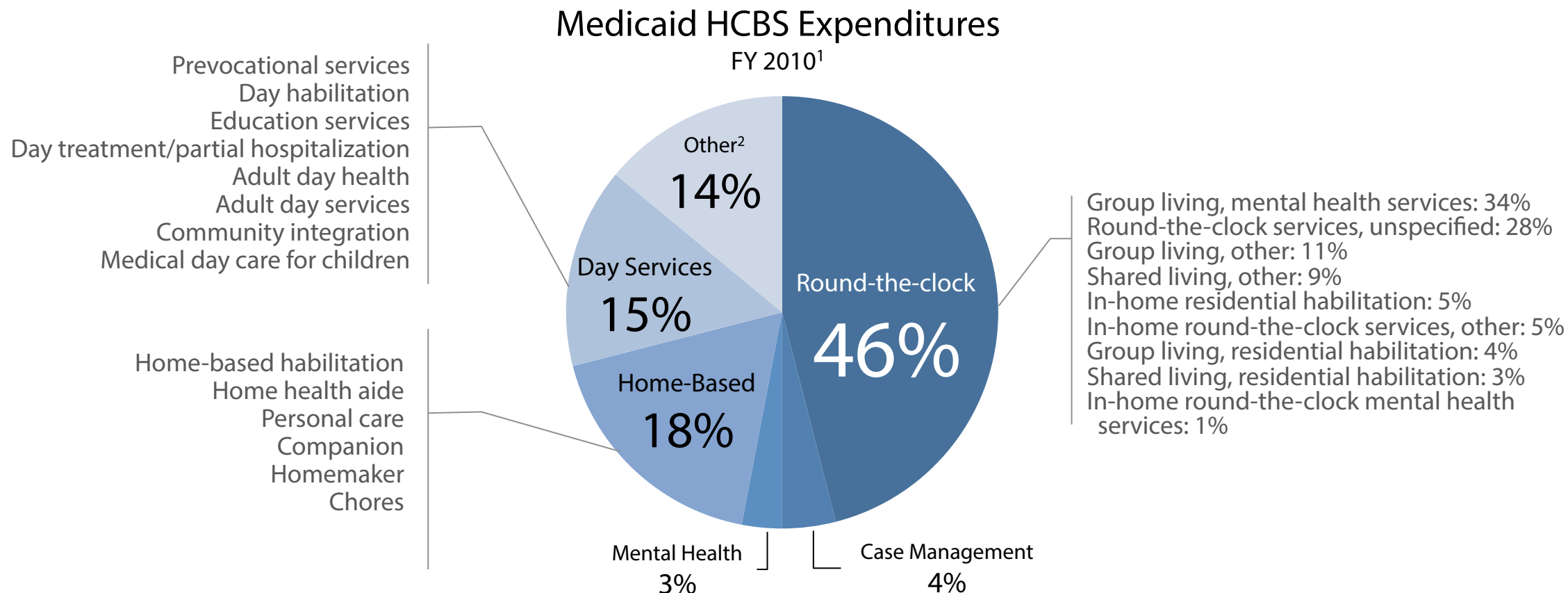
Full Medicaid LTSS Spend in 2012: **\$140 Billion¹**



1. Truven Health Analytics. 'Medicaid Expenditures for Long-Term Services and Supports in FFY 2012; April 28, 2014.

Chronic care and related services

Services for ABD and long term care members




Medicaid HCBS total spend in 2012: \$69B

1. Mathematica Policy Research. 'The HCBS Taxonomy: A New Language for Classifying Home- and Community-Based Services', August 2013.
2. Other includes expenses related to goods and services, interpreters, housing consultation, and claims where the procedure code could not be interpreted.

The landscape

Post ACA





New CMS Regulations
Access Standards
Minimum Spending Requirements
Risk Corridors
King vs. Burwell

Technology

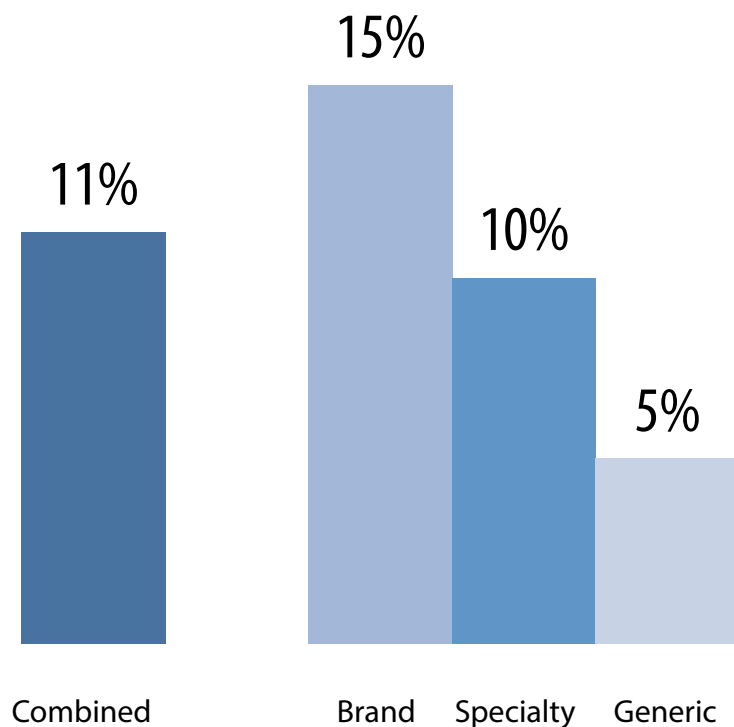


Drug spending



Drug spending and rising prices

Drug prices are increasing across all segments of the industry¹



Drug spending has increased 10.9% in 2014

Hepatitis C and Sovaldi provide important precedent on reimbursement

States have acknowledged that these costs are outside our control

1. Silverman, "Prices for Prescription Medicines Rose How Much Last Year?" Wall Street Journal, January 26, 2015

Drug spending and rising prices

Increasing Generic Costs¹

Drug	Avg. Mkt. Price Oct 2013	Avg. Mkt. Price April 2014	Avg. % Increase ²
Doxycycline Hyclate	\$20	\$1,849	8,281%
Albuterol Sulfate	\$11	\$434	4,014%
Divalproex Sodium ER	\$31	\$234	736%
Pravastatin Sodium	\$27	\$196	573%
Benazepril / Hydrochlorothiazide	\$34	\$149	420%

Generic spend is trending upward

Deceptively smaller dollars but large percentage increase

Potential threat to medical cost trends going forward

States currently assume these costs to be included in premium rates

1. Committee on Oversight & Government Reform; "Table on Generic Drug Price Increases FINAL.PDF"

2. The Healthcare Supply Chain Association surveyed average costs paid by four GPOs from October 2013 to April 2014. One GPO provided percentage increases rather than price increases. As a result the average reflects additional price data not captured by the average market price increase.

Strategic priorities

Mission

Our mission is to provide quality healthcare to people receiving government assistance



Priorities

Continued revenue growth and diversification

Care of complex patients

Quality

Administrative expense

Improve profitability

We sustain our mission and invest in the organization by being profitable.

The year ahead



Headwinds

Delay in state program implementations

ACA reimbursement

Medical cost pressure associated with new contracts/populations

Flu season

Tailwinds

Medicaid expansion

Footprint includes 4 of 5 largest Medicaid markets

Uniquely positioned to capture Dual Eligible enrollment

Marketplace open enrollment

Q&A





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2015 Outlook

John C. Molina, Chief Financial Officer

February 12, 2015 / New York, New York

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2015 and beyond

2013 INCUBATE



- Acquire new business
- Design systems
- Test readiness
- Invest in infrastructure
- New business:
SC, Duals, Marketplace,
Medicaid Expansion, NM & FL
re-procurements, WI Medicare

2014 TRANSITION & GROW



- Transition members into
model of care
- Address pent-up demand
- Adjust premiums
- Process transition issues
- Begin leveraging
infrastructure
- Invest to prepare for 2015
revenue

2015 DEVELOP & GROW



- Transition members into
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- Adjust premiums
- Improve systems
- Ensure equitable rates
- Leverage administrative costs

2016+ FORTIFY



- Improve model of care
- Enhance systems
- Improve margins

Comparison 2014 actual, 2015 outlook

Please refer to the Company's cautionary statement



	2014 Actual	2015 Outlook	Percent Variance
<u>Revenue</u>			
Premium revenue	\$9.0B	~\$13.4B	49%
Health insurer fee revenue	\$119M	~\$260M ³	118%
Premium tax revenue	\$294M	~\$395M	34%
Service revenue	\$210M	~\$185M	(12%)
Investment and other income	\$20M	~\$15M	(25%)
Total revenue	\$9.7B	~\$14.3B	47%
Total medical care costs	\$8.0B	~\$12.1B	51%
<i>Medical care ratio¹</i>	89.5%	~90.0%	(0.5%)
Total cost of service revenue	\$157M	~\$150M	(4%)
General & administrative expenses	\$765M	~\$1.1B	44%
<i>G&A ratio²</i>	7.9%	~7.5%	(0.4%)
Premium tax expense	\$294M	~\$395M	34%
Health insurer fee expense	\$89M	~\$155M	74%
Depreciation & amortization	\$93M	~\$105M	13%
Interest and other expense	\$58M	~\$60M	3%
Income before income taxes	\$135M	~\$275M	104%
Net Income	\$62M	~\$117M	88%
EBITDA	\$305M	~\$460M	51%
Effective tax rate	53.8%	~57%	3.2%
Diluted EPS⁴	\$1.30	~\$2.35	81%
Adjusted EPS⁴	\$3.43	~\$4.60	36%

Amounts are estimates – actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings

1. Medical Care Ratio represents medical care costs as a percent of premium revenue

2. G&A ratio computed as a percentage of total revenue

3. Outlook assumes full reimbursement of the Health Insurer Fee and related tax effects in 2015 and recognition of \$18M related to 2014.

4. See EPS reconciliation presented further in this presentation for a reconciliation of adjusted GAAP diluted net income per share to adjusted EPS; calculation assumes 50M average diluted shares outstanding

2015 program and benefit implementation

Please refer to the Company's cautionary statement

Assumptions

February

March

April

May



State/Territory	South Carolina	Texas	Texas	Puerto Rico	Michigan
Program	MMP Duals ⁴	MMP Duals ³	Nursing Home	TANF	MMP Duals ⁴
Eligible ¹	14K	120K	52K	N/A	76K
Enrollees ¹	2K	16K	7K	362K	9K
Revenue PMPM ²	\$1,500	\$1,400	\$4,000	\$180	\$2,500
MCR ³	~95%	~95%	~96%	~91%	~95%
Opt Out	50%	50%	N/A	N/A	50%

Amounts are estimates-actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings.

1. Eligible denotes total number of eligible members in Molina markets; Enrollees denotes membership assumed in projection at year-end 2015; MMP Duals enrollment relates only to the number of MMP Duals after opt-out
2. Revenue PMPM and MCR are net of premium tax and ACA fee; Denotes both Medicaid and Medicare MMP Duals
3. Projections assume Molina Medicaid STAR+PLUS member will roll into the MMP program and revenue PMPM is incremental portion of premium only
4. Molina will not retain the Medicaid benefit for SC and MI member that opt out of the MMP program

Rate change outlook

Please refer to the Company's cautionary statement



State	Baseline Outlook ¹		Medicaid Expansion	
	Effective Date	Rate Change	Effective Date	Rate Change
California	Jul-15	+1% ²	Jan-15 ³ /Jul-15	(16%)/0%
Florida	Sept-15	+3% ²	NA	NA
Illinois	Jul-15	0% ²	Jul-15	0%
Michigan	Oct-15	0% ²	Oct -15	0%
New Mexico	Jan-15	+3%	Jan-15	+4%
Ohio	Jan-15	+1%	Jan-15	(3%)
South Carolina	Jul-15	+1% ²	NA	NA
Texas	Jun-15 ⁴ /Sep-15	+3% ² /+1% ²	NA	NA
Utah	Jan-15 ⁵ /Jul-15	+3%/0%	NA	NA
Washington	Jan-15	+3%	Jan-15	(41%)
Wisconsin	Jan-15	+0.5%	NA	NA

8% LTC

11% ABD

1. Base business denotes rate change for TANF, CHIP, ABD and MMP

2. Estimate

3. CA fiscal year begins 7/1/15, but Expansion included a rate update 1/1/15

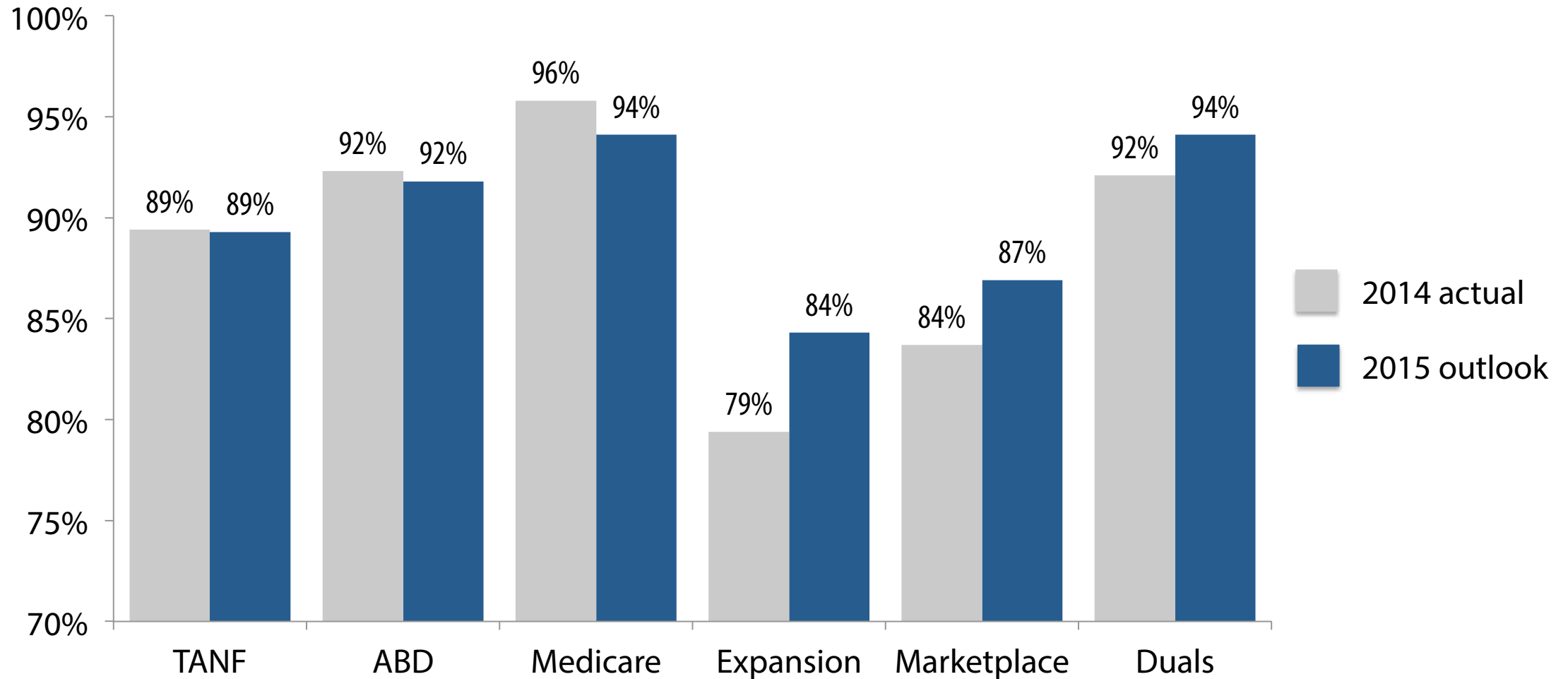
4. TX fiscal year begins 9/1/15, but Outlook includes rate update CFC (Community First Choice) on 6/1/15

5. UT fiscal year begins 7/1/15, but Outlook includes rate update on 1/1/15

Medical care ratio by program

Please refer to the Company's cautionary statement

2014 actuals versus 2015 outlook



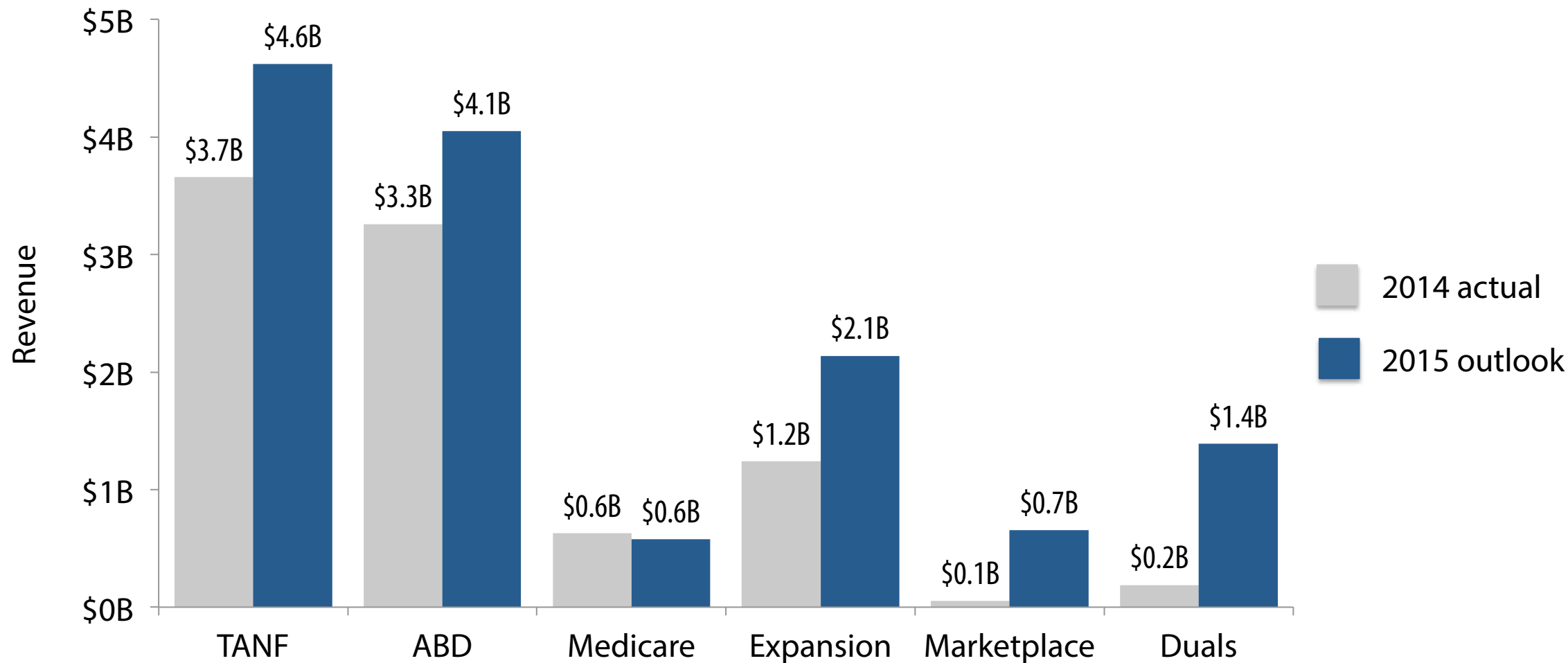
Amounts are estimates – actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings

Revenue by program

Please refer to the Company's cautionary statement



2014 actuals versus 2015 outlook



Amounts are estimates – actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings

2015 ACA fee estimates

Please refer to the Company's cautionary statement



Outlook by state/program¹

State/Program	Fee	Tax Effect	Total ²	2014 Fee Revenue ³
California	\$17.7M	\$10.6M	\$28.3M	\$11.6M
Florida	\$4.5M	\$2.8M	\$7.3M	-
Illinois	\$1.1M	\$0.8M	\$1.9M	-
Michigan	\$16.4M	\$10.5M	\$26.9M	\$6.8M
New Mexico	\$17.7M	\$10.7M	\$28.4M	-
Ohio	\$27.7M	\$18.7M	\$46.4M	-
South Carolina	\$7.5M	\$4.7M	\$12.2M	-
Texas	\$14.0M	\$7.9M	\$21.9M	-
Utah	\$4.3M	\$2.7M	\$7.0M	-
Washington	\$27.7M	\$15.8M	\$43.5M	-
Wisconsin	\$4.1M	\$2.7M	\$6.8M	-
Medicaid FY15	\$142.7M	\$87.8M	\$230.5M	\$18.4M
MMP Dual Medicare FY15	\$1.6M	\$0.9M	\$2.5M	-
Medicare FY15	\$10.7M	\$7.1M	\$17.8M	-
Total FY15	\$155.0M	\$95.7M	\$250.8M	\$18.4M

2015 Revenue estimate includes \$9.2M recognized as premium tax revenue

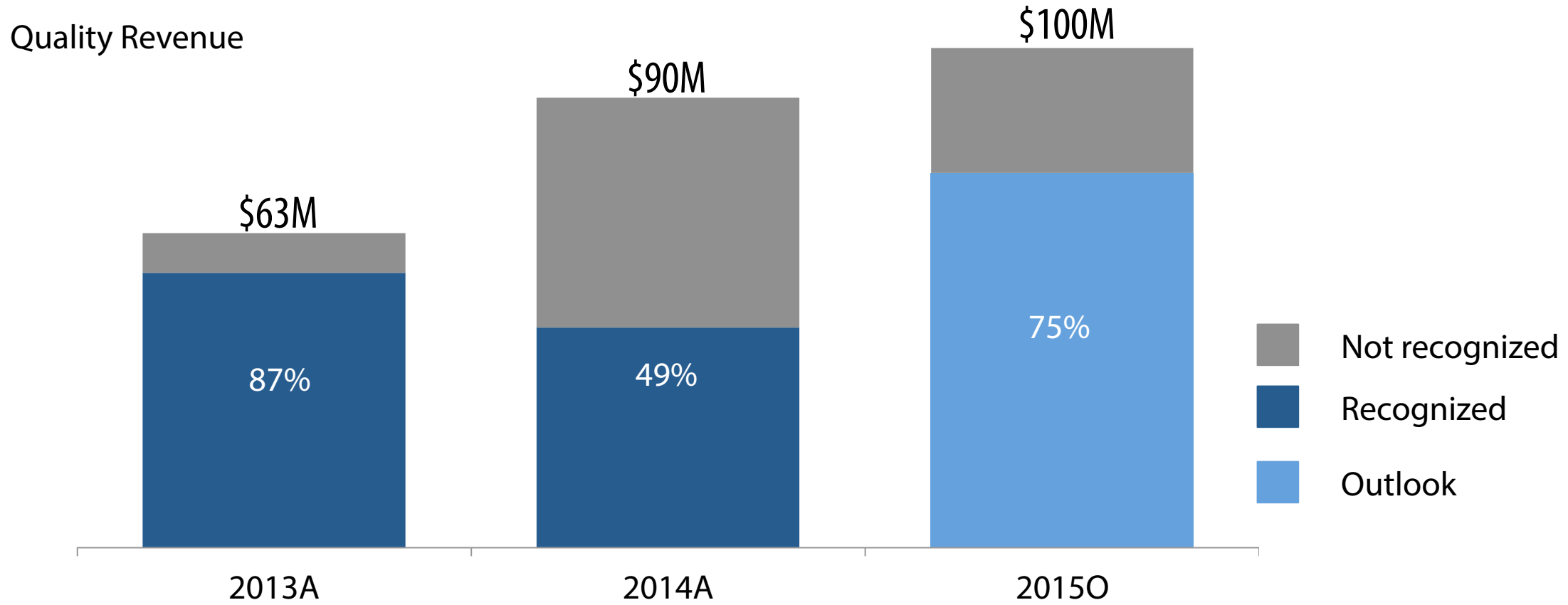
Amounts are estimates – actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings

1. Outlook assumes the ACA fee and related tax effects will be fully reimbursed in all states
2. Amounts in the table include the full economic impact of the excise tax including premium tax and the income tax effect
3. Revenue for the period ending December 31, 2014 that is expected to be collected in 2015

Consolidated quality revenue

Please refer to the Company's cautionary statement

Historical and current outlook – 2015 assumptions

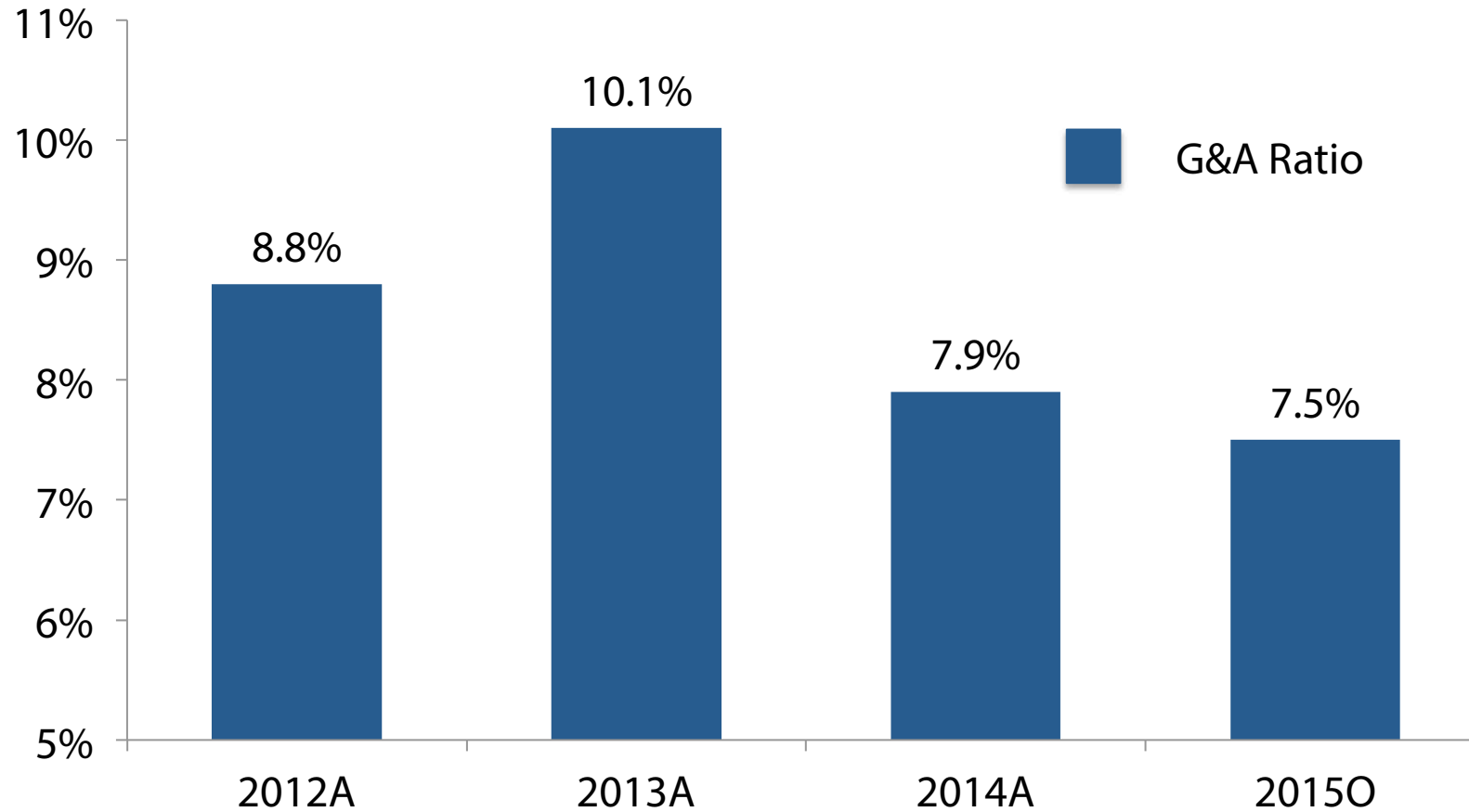


Totals indicate quality revenue available to be earned for the year specified.
Earned amounts include amounts recognized in the year indicated – whether related to the prior year and current year.
"A" denotes actual "O" denotes outlook

General and administrative cost leverage

Please refer to the Company's cautionary statement

Revenue growth maximizes G&A investment



EPS reconciliation

Please refer to the Company's cautionary statement



Outlook versus adjusted

2015 Outlook¹

Net income per diluted share ²	\$2.35
<u>Non-cash adjustments, net of tax:</u>	
Depreciation, and amortization of capitalized software	\$1.33
Amortization of convertible senior notes and lease financing obligations	\$0.37
Stock-based compensation	\$0.35
Amortization of intangible assets	\$0.20
Adjusted net income per diluted share ²	\$4.60

Assumes 50 million average weighted diluted shares outstanding

1. Amounts are estimates – actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings

2. Adjusted net income per diluted share, is a non-GAAP measure. The table above reconciles adjusted net income per diluted share, which the Company believes to be the most comparable GAAP measure to net income (loss) per diluted shares. GAAP stands for Generally Accepted Accounting Principles



Your Extended Family.

2015A Investor Day

Long Term Financial Improvement

John C. Molina, Chief Financial Officer

February 12, 2015 / New York, New York

2015 and beyond

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- Acquire new business
- Design systems
- Test readiness
- Invest in infrastructure
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SC, Duals, Marketplace,
Medicaid Expansion, NM & FL
re-procurements, WI Medicare

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2015 DEVELOP & GROW



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2016+ FORTIFY



- Improve model of care
- Enhance systems
- Improve margins

2017 Financial Objectives

Please refer to the Company's cautionary statement



How will we get there?

Revenue Growth

Actuarially sound premium rates

~0.5%-1.5% decline in medical cost ratio

Appropriate risk adjustment

~0.5% - 1.0% decline in G&A ratio

Manage inpatient costs

Target: ~1.5% - 2.0% after tax margin

Network alignment

Retention of members

Select medical cost categories

Please refer to the Company's cautionary statement



Sensitivity Analysis

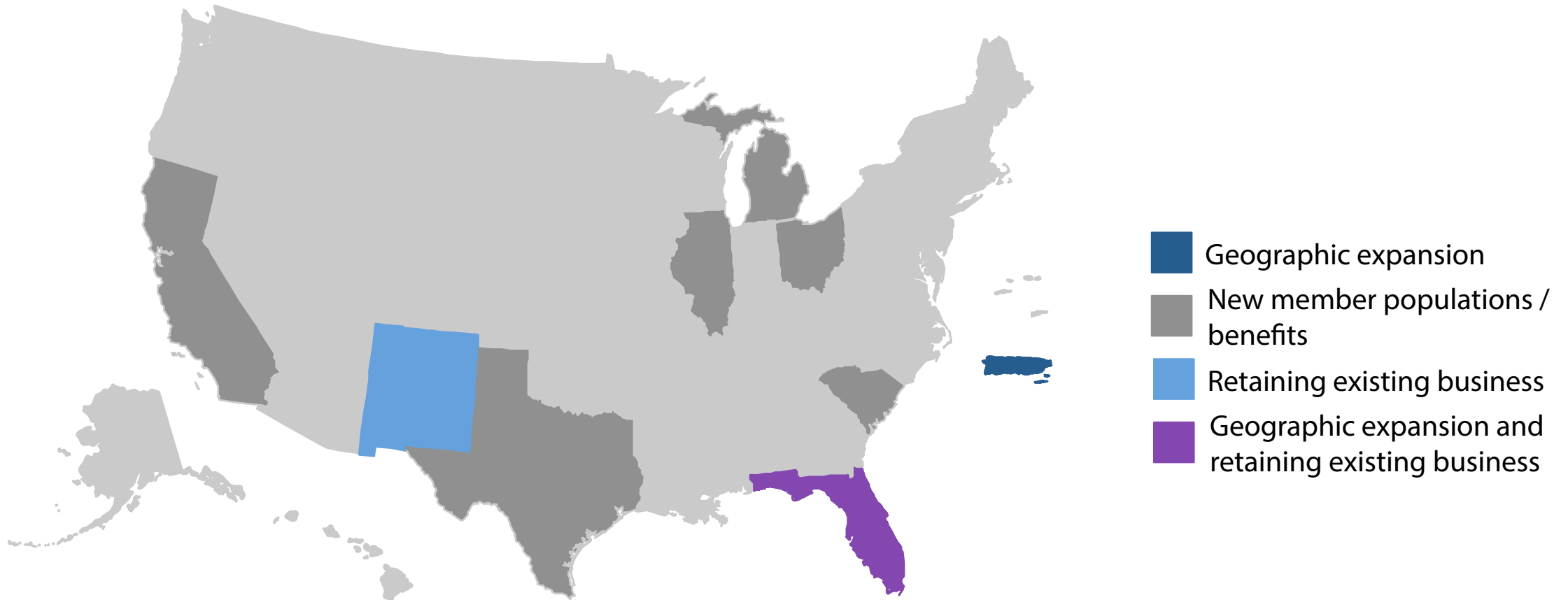
Category	% PMPM Decrease	Increase in After Tax Margin
Lower Inpatient Costs	(2.0%)	0.25%
Lower Other Fee-for-Service Costs	(1.0%)	0.25%
Lower Pharmacy Costs	(3.0%)	0.25%

Based on 2015 outlook

Top line growth

Please refer to the Company's cautionary statement

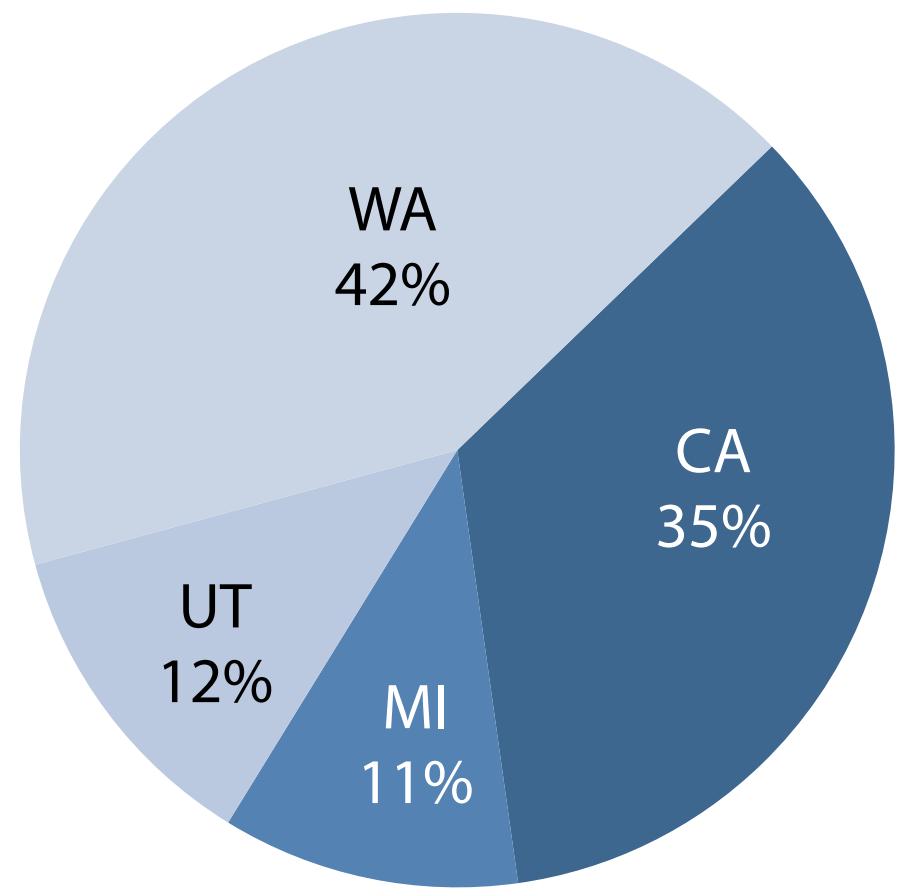
Key drivers



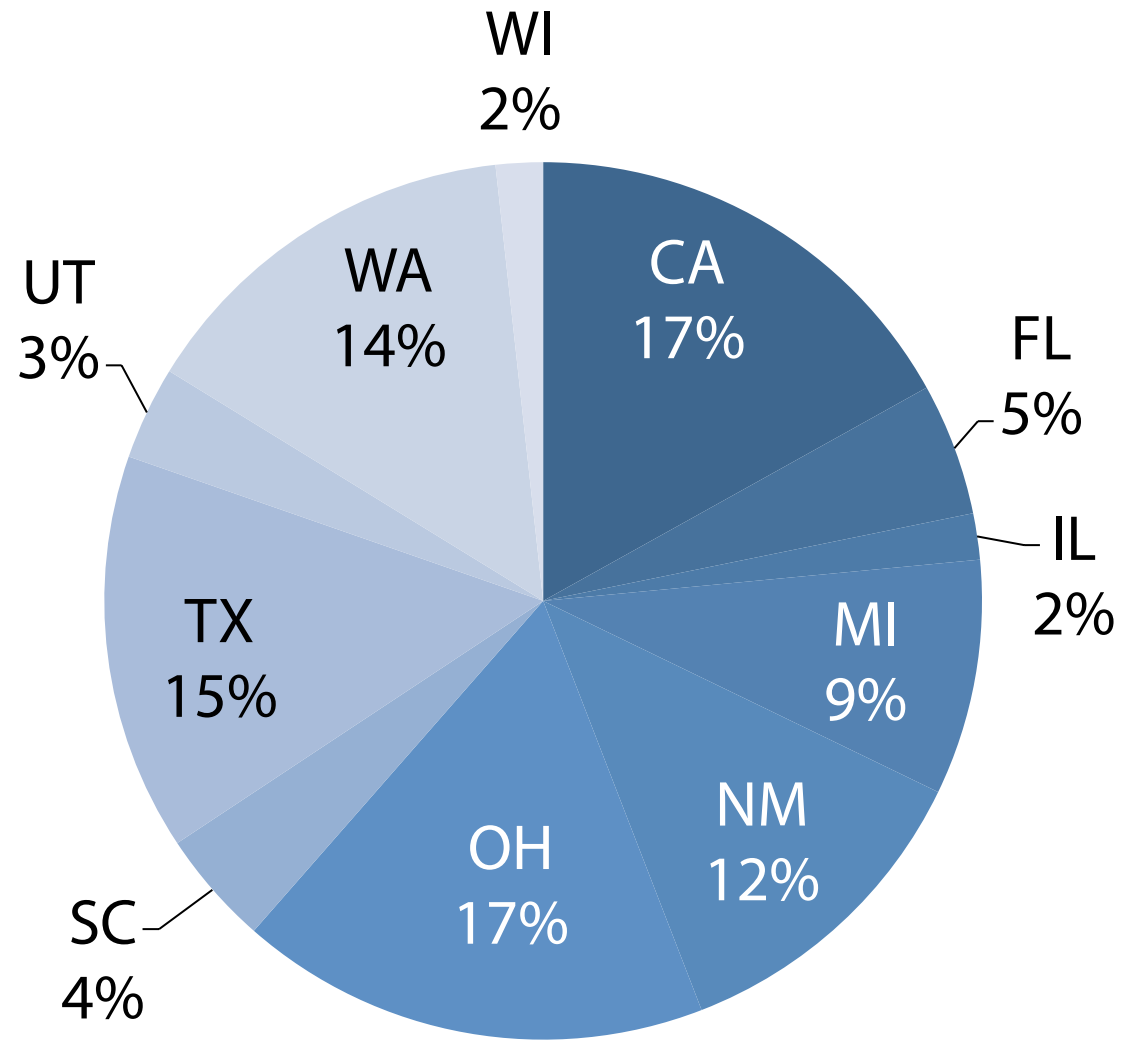
Florida includes both geographic expansion and business retention due to the acquisition of First Coast Advantage and Managed Medical Assistance (MMA) contract award.

Premium revenue by state then and now

2003: **\$0.8 billion** premium revenue



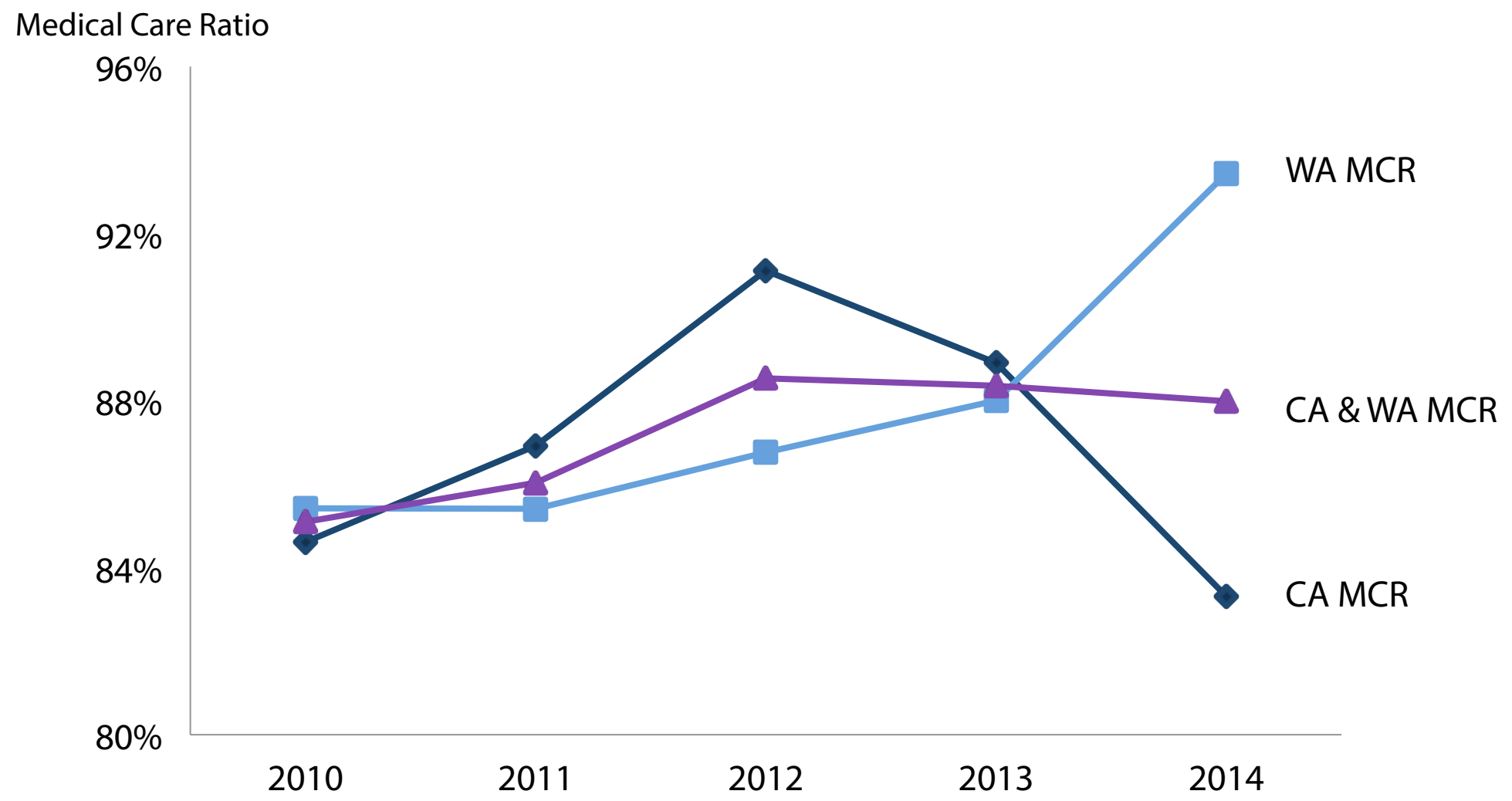
2014: **\$9.0 billion** premium revenue



Revenue diversification

Please refer to the Company's cautionary statement

Market diversification mitigates variations in earnings



Addressing chronic care and LTSS takes time

Please refer to the Company's cautionary statement

MINUS 3 TO MONTH 0



- Hire and train staff
- Identify, define and address state reporting, staffing and performance requirements

MONTHS 0-6



- Adjust staffing
- Find the member
- Perform Health Risk Assessment
- Assess health and home
- Design care plan and stratify by need
- Confirm rate category
- Implement continuity of care
- Inform and engage with state

MONTHS 7-12



- Assess and modify staff training
- Track member
- Implement care plan
- Coordinate social services
- Collect and submit diagnoses
- Move to Molina protocols upon expiration of continuity of care
- Inform and engage with state

MONTHS 13-18

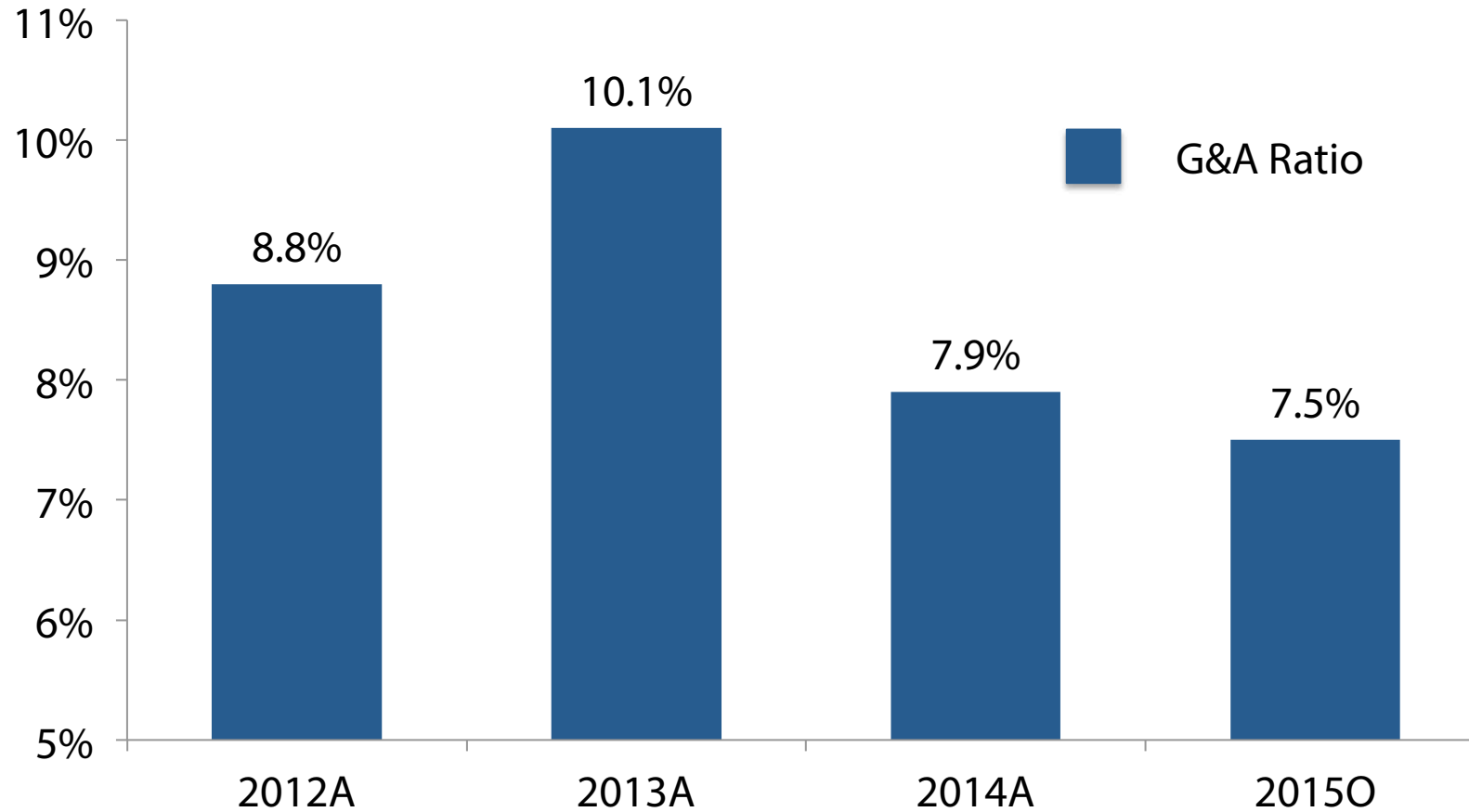


- Right size staff size, skills and focus
- Track member
- Adjust care plan as needed
- Reassess home environment
- Receive risk adjusted rate
- Assess and modify Molina protocols
- Re-address standards with state

General and administrative cost leverage

Please refer to the Company's cautionary statement

Revenue growth maximizes G&A investment



General and administrative cost leverage

Please refer to the Company's cautionary statement



Example

Revenue	G&A Ratio	
	Low	High
2014A	7.9%	
2015O	~7.5%	
\$1.0B	~7.3%	~7.4%
\$2.0B	~7.2%	~7.3%
\$3.0B	~7.0%	~7.1%
\$4.0B	~6.8%	~7.0%

Every \$1 billion of incremental revenue:

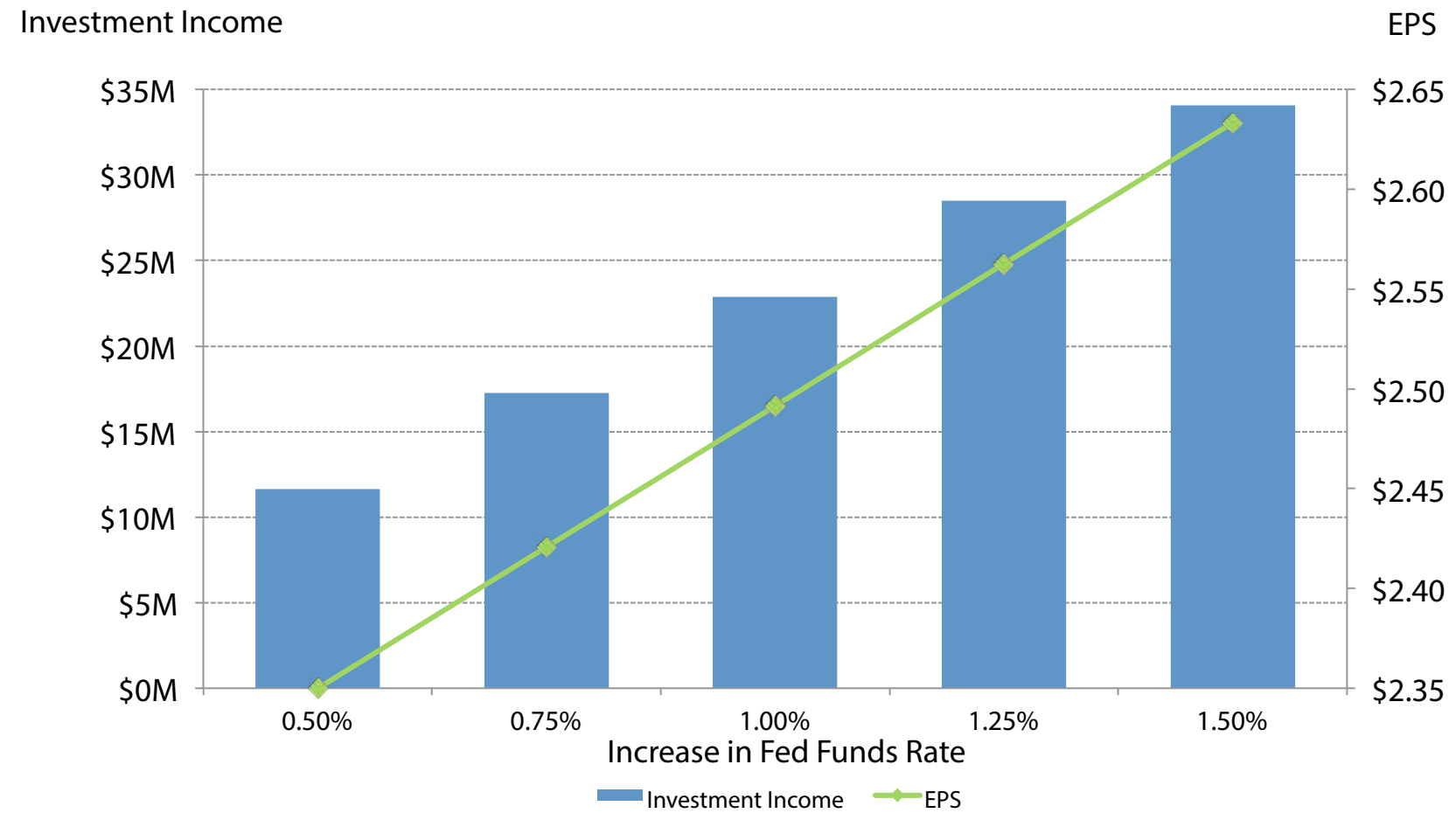
- requires between \$43 million and \$50 million of new G&A spend
- G&A ratio declines between 10 to 20 bps

40 bps decrease in G&A ratio increases after tax margins by 25 bps

Investment income

Please refer to the Company's cautionary statement

Interest rate sensitivity on investment income



Each 25bp increase in rates results in \$5M to \$6M more of annualized investment income

Non-deductible expenses

Please refer to the Company's cautionary statement

After tax margin distortions – for illustrative purposes only

Revenue	\$100.0
Deductible expenses	70.0
Non-deductible expenses	10.0
Total expenses	80.0
Pre tax income	20.0
<i>Income taxes:</i>	
Reported pre tax income at 37%	7.4
Increased tax on non-deductible expenses	3.7
Total income tax	11.1
Net income	\$8.9
Statutory tax rate	37%
Effective tax rate	56%

Significant non-deductible expenses

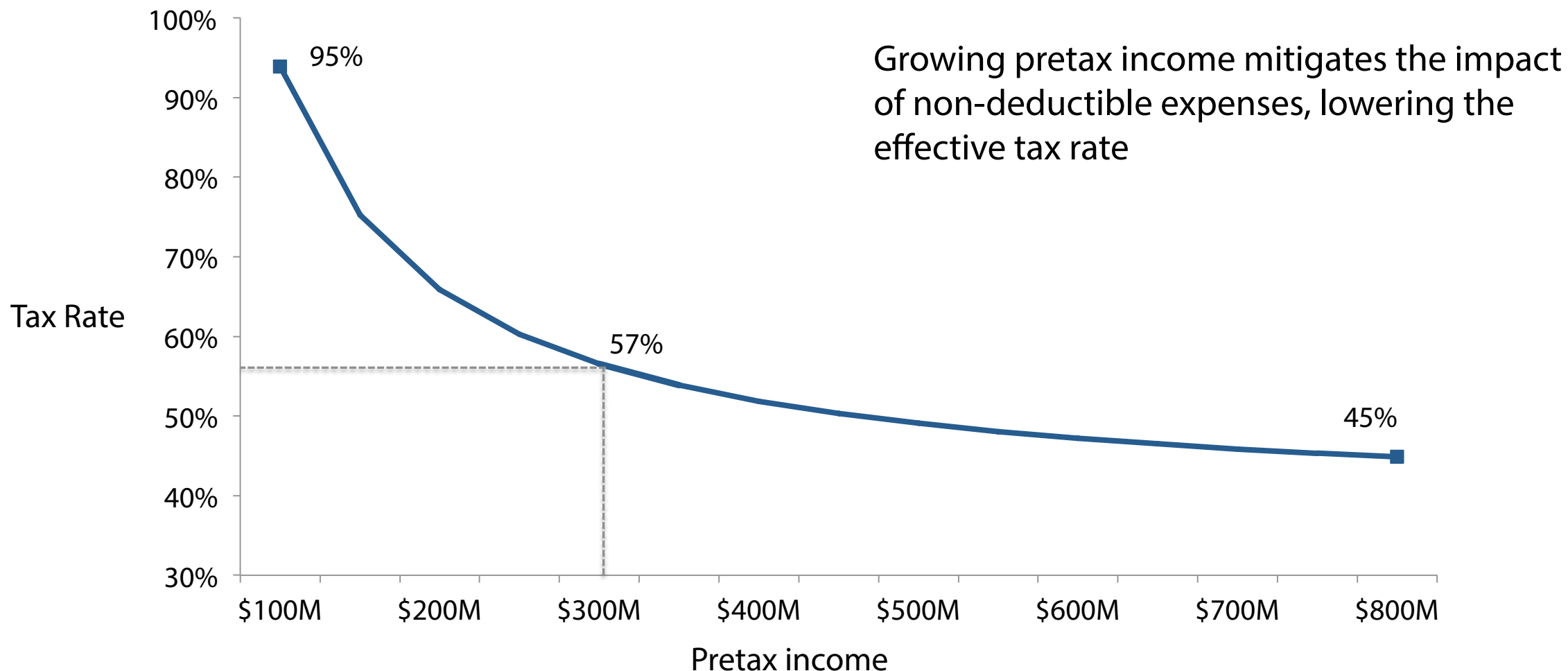
- ACA Health Insurer Fee
- Executive compensation

Low amounts of pretax income can result in effective tax rates that are very high or even negative

Effective tax rate

Please refer to the Company's cautionary statement

ETR sensitivity to pretax income¹

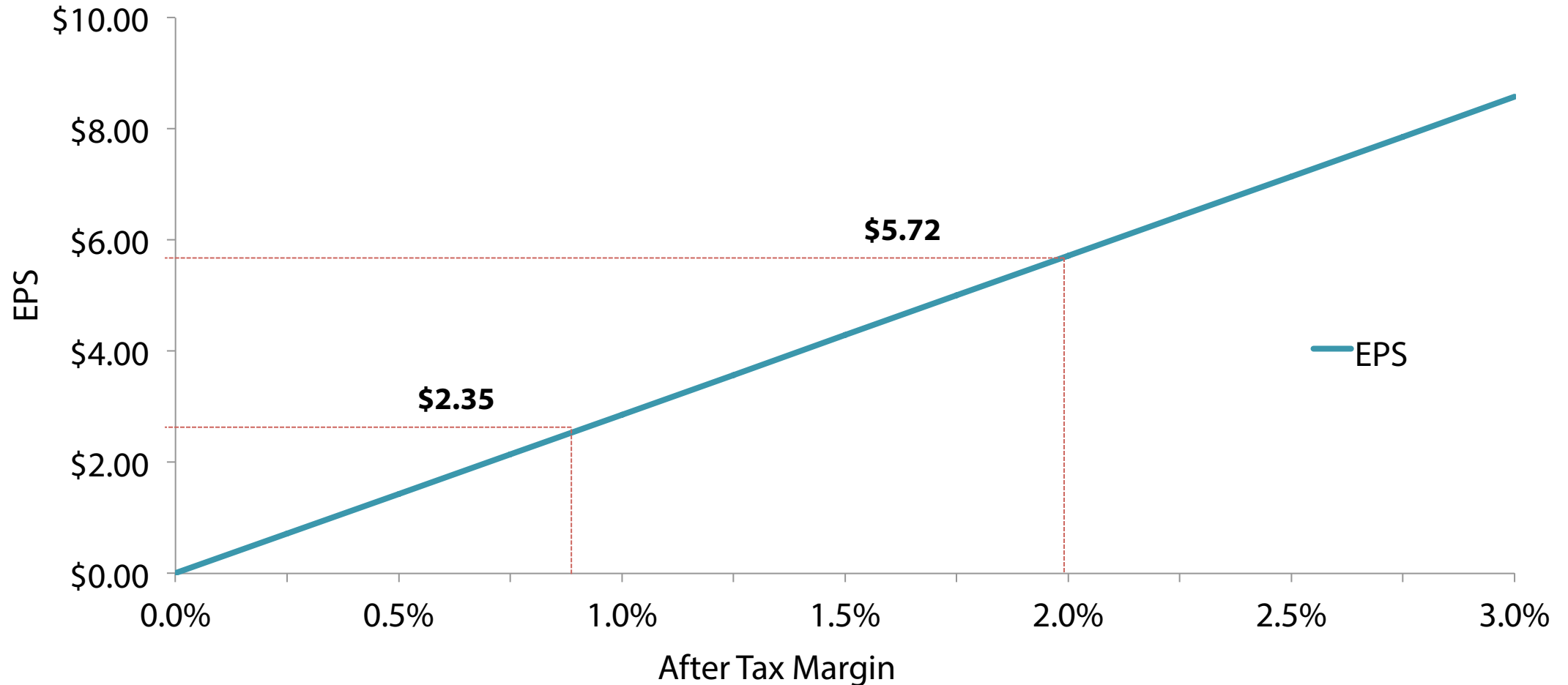


1. ETR includes estimated 2015 non deductible expenses

After tax margin sensitivity

Please refer to the Company's cautionary statement

Each 25bps increase in after tax margin increases EPS by \$0.70



Based on 2015 Outlook

Q&A

